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# Capsule™ COMMERCE

Accounting & Auditing

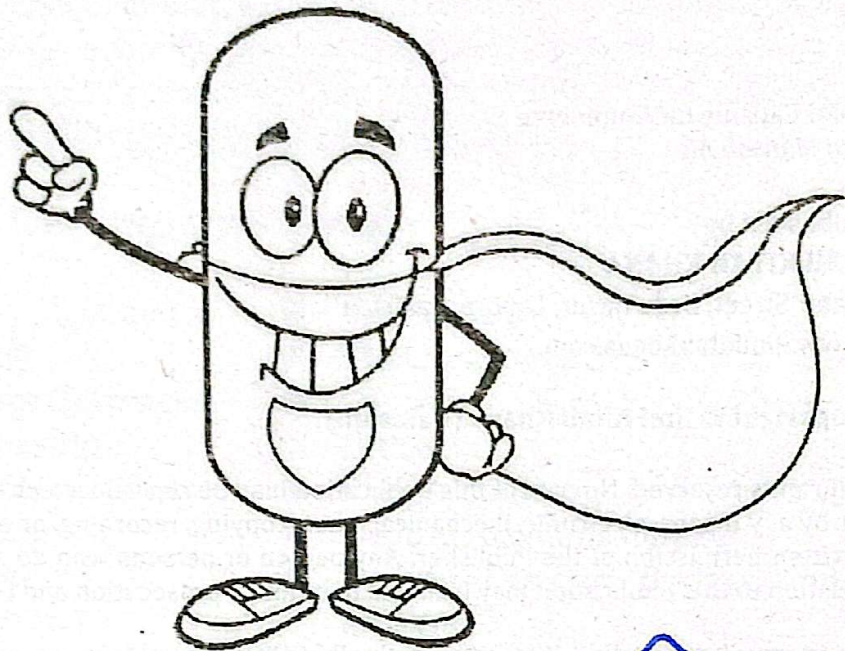
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# Commerce Capsule



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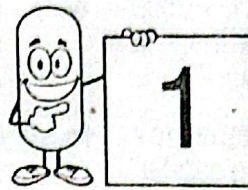
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- ▶ A record used to hold related financial activity and show the impact of increases and decreases is called Account.
- ▶ The current value of an account is called account balance.
- ▶ Anything that has a monetary value and is owned by a company is called Asset
- ▶ A financial statement that shows a company's financial position on a specific date is called Balance sheet. The statement details the company's assets, liabilities, and equity.
- ▶ A formula used to figure out the amount of sales needed for a company to cover all its costs is called Break-even analysis.
- ▶ A business owner's share of his company; also referred to as equity is called Capital.
- ▶ Cash basis accounting is a method of accounting in which transactions are recorded only when money changes hands.
- ▶ Chart of accounts is a complete listing of the accounts used by a company for bookkeeping purposes.
- ▶ Credit is an accounting term used to indicate a right-side entry to an account.
- ▶ Credits result in account decreases for assets and expenses, and account increases for liabilities, equity, and revenues.
- ▶ Debit is an accounting term used to indicate a left-side entry to an account.
- ▶ Debits result in account increases for assets and expenses, and account decreases for liabilities, equity, and revenues.
- ▶ An expense used to reflect the loss in value of an asset over time is called Depreciation.
- ▶ What is Disbursement? Cash paid out by a business.
- ▶ Indian Reserved Bank was established on 1<sup>st</sup> April 1935.
- ▶ A measure of profitability calculated by dividing gross profits by sales is called Gross margin.
- ▶ The amount left over after subtracting the cost of goods sold from sales is called Gross profit.
- ▶ A book in which complete business transactions are recorded by date is called Journal.
- ▶ Ledger is a book that holds each account listed in the chart of accounts, in which transactions impacting that account are recorded.
- ▶ Debt incurred by a business? Liability
- ▶ The amount left over after deducting all costs and expenses from revenues is called Net profit
- ▶ A low capital gearing ratio indicates over capitalization
- ▶ A high capital gearing ratio indicates under capitalization

- ▶ Shareholders funds + Long-term loans = capital employed
- ▶ Low turnover of stock ratio indicates? overinvestment in inventory
- ▶ Net capital employed is equal to? fixed assets plus net-working capital
- ▶ Ratio of net profit before interest and tax to sales is operating profit ratio
- ▶ Funds flow statement is based on the working capital concept of funds
- ▶ All those assets which are converted into cash in the normal course of business within one year are known as current assets
- ▶ All those liabilities which are payable in cash in the normal course of business within a period of one year are called current liabilities
- ▶ Any transaction between a current account and another current account does not affect funds
- ▶ Any transaction between a noncurrent account and another noncurrent account does not affect funds
- ▶ Increase in current asset results in increasing working capital
- ▶ Decrease in current asset decreases working capital
- ▶ Increase in current liability decreases working capital
- ▶ Decrease in current liability increases working capital
- ▶ Depreciation on fixed assets is non operating expense
- ▶ Provision for Income tax is appropriation of profits
- ▶ Profit on sale of fixed assets is non trading gains
- ▶ In funds flow statement, issue of shares is source of fund
- ▶ In funds flow statement, sale of fixed assets is source of fund
- ▶ In funds flow statement, funds from operations is source of fund
- ▶ In funds flow statement, outflow of funds on account of operations is application of fund
- ▶ In funds flow statement, increase in working capital is application of fund
- ▶ In funds flow statement, decrease in working capital is source of fund
- ▶ In funds flow statement, repayment of long-term loans is application of fund
- ▶ In funds flow statement, purchase of fixed assets is application of fund
- ▶ In adjusted P & L account, depreciation on fixed assets will be debited
- ▶ In adjusted P & L account, Discount on debentures written off will be debited
- ▶ A cash flow statement is a statement which portrays the changes in the cash position between two accounting periods
- ▶ The term cash in the context of cash flow analysis includes the cash balance and the bank balance
- ▶ Cash flow analysis is based on the cash concept of funds
- ▶ In cash flow statement, increase in current liability increases cash
- ▶ In cash flow statement, decrease in current liability decreases cash
- ▶ In cash flow statement, increase in current asset decreases cash
- ▶ In cash flow statement, decrease in current asset increases cash
- ▶ Which of the following is usually a long-term budget? Capital expenditure budget
- ▶ In cash flow statement, opening balances of bank balance is posted in which side of the statement? sources of cash

- ▶ In cash flow statement, closing balance of cash balance is posted in which side of the statement? application of cash
- ▶ In cash flow statement, closing balances of bank balance is posted in which side of the statement? application of cash
- ▶ In cash flow statement, issue of shares is posted in sources of cash
- ▶ In cash flow statement, issue of debentures is posted in sources of cash
- ▶ In cash flow statement, sale of fixed assets is posted in sources of cash
- ▶ Production cost under marginal costing includes prime cost and variable overhead
- ▶ Contribution margin is also known as marginal income
- ▶ Period costs are fixed costs
- ▶ Contribution margin is equal to fixed cost – loss
- ▶ P/V Ratio is an indicator of the rate of profit
- ▶ Margin of Safety is the difference between actual sales and break-even sales
- ▶ An increase in variable costs reduces contribution
- ▶ A large Margin of Safety indicates the soundness of the business
- ▶ CVP analysis is most important for the determination of sales revenue necessary to equal fixed costs
- ▶ Sales Rs. 25,000; Variable cost Rs. 8,000; Fixed cost Rs. 5,000; Break-even sales in value? Rs. 7,353
- ▶ Actual sales Rs. 4,00,000; Break-even sales Rs. 2,50,000; Margin of Safety in percentage is? 37.5%
- ▶ Under marginal costing stock are valued at variable cost
- ▶ A low P/V ratio indicates low profitability
- ▶ Depreciation is an example of fixed cost
- ▶ The entire process of preparing the budgets is known as Budgeting
- ▶ The pay-back method measures? How quickly original investment will be recovered
- ▶ The method of project evaluation that considers the time value of money is? Discounted cash flow
- ▶ Capital budgeting is planning for Fixed assets
- ▶ The simplest capital budgeting technique is Pay-back method
- ▶ The internal rate of return is determined by Trial and error method
- ▶ Pay-back method ignores the? Time value of money
- ▶ The method uses the accounting concept of profit is Accounting rate of return method
- ▶ Internal rate of return method is also known as? Trial and error method
- ▶ When cash inflows are not uniform, pay-back period is computed with the help of cumulative cash inflows
- ▶ The person who propounded theory X and theory Y in Management, is? Douglas McGregor
- ▶ Management Planning process begins with goals and objectives
- ▶ Which of the following is a non-verbal communication? Body language
- ▶ Outstanding salary account is a representative personal account
- ▶ Incomings and outgoings of cash, representing the operating activities of an organization is called cash flow

- ▶ In accounting, cash flow is the difference in amount of cash available at the beginning of a period (opening balance) and the amount at the end of that period (closing balance):
- ▶ If the closing balance is higher than the opening balance, it is called positive Cash flow
- ▶ The normal balance of asset account is Debit balance
- ▶ The normal balance of liability account is Credit balance
- ▶ Which of the following statements is incorrect regarding capital account? Debit increases the capital account balance
- ▶ Which of the following is the normal balance of a rent expense account? Debit balance
- ▶ Revenue and expense accounts are referred as Nominal accounts
- ▶ The real accounts are accounts of Assets, liabilities and Capital
- ▶ Building account is classified as Real account
- ▶ Office equipments account is classified as Real account
- ▶ Ledger accounts helps business to classify transactions according to their nature
- ▶ Which of the following is a real account? Office equipment
- ▶ Which of the following accounts are closed at the end of an accounting period? Nominal accounts
- ▶ If debit balance is greater than credit balance then the account balance will be: Debit balance
- ▶ The normal balance of capital account is Credit balance
- ▶ The purchases day book will contain: Purchases made but not paid for at time of purchase
- ▶ The sales account will be found in General ledger
- ▶ Which of the following would transactions would be entered in the journal? Purchase of vehicle on credit for business use
- ▶ A fixed amount paid out of a UK bank account on a regular basis is known to the payer as a Standing order
- ▶ Capital account is a nominal account
- ▶ Insurance account is a nominal account
- ▶ Sales account is a nominal account
- ▶ The reason for having a bank current account would not include The desire to earn maximum return on financial investments
- ▶ The VAT rate usually used is called Standard rate (of VAT).
- ▶ A business that charges VAT at the standard rate on its sales is called Standard-rated business.
- ▶ A medium used to enable payments to be made automatically at given dates into a bank account for an amount agreed by the payer is called Standing order.
- ▶ A copy of a customer's personal account taken from the supplier's books is called Statement.
- ▶ A statement from which the capital of the owner can be found by estimating assets and liabilities is called Statement of Affairs.
- ▶ Everything within the two end-points of the continuous sequence running from demand forecasting through to receipt of payment from customers is called Supply chain.
- ▶ A contra entry in the cashbook would include Withdrawing cash from the bank account

- ▶ The returns inwards day book would contain Stock that customers have returned
- ▶ The bank column can have either a debit or a credit balance
- ▶ The account of a supplier would be found in Purchases ledger
- ▶ Debiting the petty cash book with the exact amount spent in the previous period is an example of Imprest system
- ▶ The source document for making entries in the returns inwards day book is Credit note Cheque counterfoil
- ▶ Ledger accounts of our credit customers will be found in the sales ledger
- ▶ A source document used to construct the cashbook would include cheque counterfoils
- ▶ A cheque deposited for which the bank will not transfer any money can be known as dishonoured cheque
- ▶ Which would transactions would not be entered in the journal? Purchase of machinery for cash for business use
- ▶ Which of would not be entered into the purchases daybook? Goods bought for resale for cash
- ▶ Which would not be classified as an asset? Money owed by us to a supplier
- ▶ Drawings reduces the capital balance
- ▶ The books of accounts of the society are audited by Government auditors.
- ▶ A means of assessing the difference between a predetermined cost/income and the actual cost /income is called Variance analysis.
- ▶ Expenses which change in response to changes in the level of activity is called Variable costs.
- ▶ A location on the Internet where businesses place information for the use of anyone who happens to want to look at it is called Website (of a business).
- ▶ In many cases, a business website contains copies of the latest financial statements of the business and a part of the website is devoted to promoting and selling goods and services.
- ▶ Altering volumes and amounts so as to see what would be likely to happen if they were changed is called 'What if analysis.
- ▶  $\text{Capital} = \text{Assets} - \text{Liabilities}$ .
- ▶ Statement of Affairs is the equivalent of the balance sheet.
- ▶ Goods in which the business normally deals that are held with the intention of resale is called Stock.
- ▶ Stock may be finished goods, partly finished goods, or raw materials awaiting conversion into finished goods which will then be sold.
- ▶ Stock also known as inventory
- ▶ The number of times stock is sold in an accounting period is called Stock turnover.
- ▶ Stock turnover also known as 'stockturn'
- ▶ The process of physically identifying the stock on hand at a given point in time is called Stocktaking.
- ▶ A method of calculating depreciation that involves deducting the same amount every accounting period from the original cost of the fixed asset is called Straight line method.
- ▶ The outdated term for what is now known as a 'subsidiary undertaking' is called Subsidiary company.
- ▶ An undertaking which is controlled by another undertaking or where that other undertaking exercises a dominating influence over it is called Subsidiary undertaking.

- ▶ A cost which has already occurred and cannot, therefore, be avoided whatever decision is taken is called Sunk costs.
- ▶ Sunk costs should be ignored when taking a decision.
- ▶ Using a method that other people may not agree to, derived from one's own personal preferences is called Subjectivity.
- ▶ Where real substance takes precedence over legal form is called Substance over form.
- ▶ Net profit less the opportunity costs of alternative earnings and alternative returns on capital invested that have been foregone is called Super profits.
- ▶ For example, a company may wish to know the financial effects of cutting its selling price by £1 a unit.
- ▶ A group of workstations not all of which are based locally that are linked together by wires and over telephone lines is called Wide area network (WAN).
- ▶ Items not completed at the end of a period is called Work in progress.
- ▶ Current assets minus current liabilities is called Working capital.
- ▶ Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort.
- ▶ Zero-Base Budgeting places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources.
- ▶ The VAT rate (of zero) that applies to supply of certain goods and services is called Zero rate (of VAT).
- ▶ A business that only supplies zero-rated goods and services is called Zero-rated business.
- ▶ Zero-rated business does not charge VAT to its customers but it receives a refund of VAT on goods and services it purchases.
- ▶ The expression that is used by auditors to indicate whether, in their opinion, the financial statements fairly represent the state of affairs and financial performance of a company is called true and fair view.
- ▶ Net capital spending is equal to operating cash flow minus cash flow from assets minus additions to net working capital.
- ▶ When evaluating project cash flows as part of the financial decision making process you should use the marginal tax rate
- ▶ Transactions are initially recorded in the? Journal
- ▶ A record prepared to test that the debit balance accounts equal the credit balance accounts is? A Trial Balance
- ▶ An entry made in the accounts receivable control account also requires an entry to be made in? Accounts Receivable Subsidiary Ledger
- ▶ The increase in owner's equity resulting from profitable business operations is called? Net Income
- ▶ Economic events that affect the financial position of a business are called? Transactions
- ▶ Receiving a payment on account from a customer? Increases assets and decreases assets
- ▶ Paying an amount owed to a supplier? Decreases assets and decreases liabilities
- ▶ The current portion of long term debt is classified as? Current Liabilities
- ▶ Journal is a book of original entry. Journal is the place where a business first record the transactions and their details

- ▶ Purchase and sale of goods or services is called trade
- ▶ The total of resources invested and left in a business by its owner is called Capital.
- ▶ F. W. Taylor is known as a father of Scientific Management
- ▶ Decision-making is a mental process, intellectual process & universal functional process
- ▶ The main objective of financial accounting is to prepare? P & L account and balance sheet
- ▶ Financial reports are prepared annually.
- ▶ The owners are considered to be different from the business according to business entity concept
- ▶ All transactions are recorded in the books of accounts from the point of view of the business is according to business entity concept
- ▶ The business concern has perpetual life according to going concern concept
- ▶ All the transactions measurable in the terms of money are recorded in accounts is according to money measurement concept
- ▶ Dividing the expenditure into capital and revenue is according to accounting period concept
- ▶ While putting the value or price of an entity in financial records the lowest price is recorded not the current price or current market value. This is known as Conservatism
- ▶ Which convention states that there should be continuity and uniformity of applying rules, practices and concepts used in accounting, year after year? Convention of consistency
- ▶ Scientific system of maintaining account is under double entry
- ▶ Dual aspect concept for recording business transactions is followed in double entry
- ▶ Only personal accounts and cash account are maintained under single entry
- ▶ Co-operative societies is an example of personal account
- ▶ Debit the receiver, credit the giver is rule for personal account
- ▶ Debit what comes in credit what goes out is rule for real account
- ▶ Debit all expenses and losses, credit all incomes and gains is rule for nominal account
- ▶ Drawings account is a personal account
- ▶ Interest earned is a nominal account
- ▶ Commission paid is a nominal account
- ▶ Investment is a real account
- ▶ The difference between the sales and cost of sales is gross profit
- ▶ Trading account is a nominal account
- ▶ Profit and loss account is a nominal account
- ▶ Profit and loss account starts with gross profit
- ▶ All indirect expenses are debited to profit and loss account
- ▶ All revenue incomes are credited to profit and loss account
- ▶ In profit and loss account, if credit is more than the debit, the difference is net profit
- ▶ In profit and loss account, if debit is more than the credit, the difference is? net loss
- ▶ Assets which are acquired and held permanently and used in the business with the objective of making profits is known as fixed assets

- ▶ The assets of the business in the form of cash, debtors, stock are called current assets
- ▶ Assets have definite physical share or identity and existence are known as tangible assets
- ▶ The assets which have no physical share which cannot be seen or felt but have value are called intangible assets
- ▶ Discount on issue of shares, debit balance of profit and loss account are the examples of fictitious assets
- ▶ Goods taken by the proprietor for personal use will be deducted from purchases account
- ▶ Cash withdrawn by proprietor for personal use will be deducted from capital
- ▶ Outstanding expenses is a liability
- ▶ Prepaid expenses is a asset
- ▶ Accrued income is a asset
- ▶ Income received in advance is a liability
- ▶ Interest on capital is a business expense
- ▶ Interest on drawings is a business income
- ▶ Interest on capital is added with capital
- ▶ Interest on drawings is deducted from capital
- ▶ Bank overdraft is shown on liability side of balance sheet
- ▶ The ratios which reflect managerial efficiency in handling the assets is turnover ratios
- ▶ The ratios which reveal the final result of the managerial policies and performance is profitability ratios
- ▶ Return on investment is a profitability ratio
- ▶ Net profit ratio is a profitability ratio
- ▶ Stock turnover ratio is a turnover ratio
- ▶ Current ratio is a short-term solvency ratio
- ▶ Proprietary ratio is a long-term solvency ratio
- ▶ Fixed assets ratio is a long-term solvency ratio
- ▶ Fixed assets turnover ratio is a turnover ratio
- ▶ The ratio which measures the profit in relation to capital employed is known as return on investment
- ▶ The ratio which determines the profitability from the shareholders point of view is return on shareholders funds
- ▶ Return on equity is also called return on net worth
- ▶ Preliminary expenses is an example of fictitious assets
- ▶ The ratio which is calculated to measure the productivity of total assets is return on total assets
- ▶ The ratio which shows the proportion of profits retained in the business out of the current year profits is retained earnings ratio
- ▶ The ratio which indicates earnings per share reflected by the market price is price earnings ratio
- ▶ The ratio establishes the relationship between profit before interest and tax and fixed interest charges is interest coverage ratio
- ▶ The dividend is related to the market value of shares in dividend yield ratio
- ▶ Turnover ratio is also known as activity ratio
- ▶ Inventory or stock turnover ratio is also called stock velocity ratio
- ▶ Which ratio is calculated to ascertain the efficiency of inventory management in terms of capital investment? stock velocity ratio

- ▶ The ratio which measures the relationship between the cost of goods sold and the amount of average inventory is stock turnover ratio
- ▶ Sales minus Gross Profit = cost of goods sold
- ▶ Opening stock + purchases + direct expenses - closing stock = cost of goods sold
- ▶ Which ratio measures the number of times the receivables are rotated in a year in terms of sales? debtors turnover ratio
- ▶ Debtors turnover ratio is also called debtors velocity ratio
- ▶ Creditors turnover ratio is also called accounts payables ratio
- ▶ The ratio indicates the number of times the payables rotate in a year is creditors velocity ratio
- ▶ Current assets - current liabilities = working capital
- ▶ The ratio of current assets to current liabilities is called current ratio. Internationally accepted current ratio is 3:1
- ▶ Liquid ratio is also called acid test ratio
- ▶ Current assets - (stock + prepaid expenses) = liquid assets
- ▶ An ideal liquid ratio is 1:1
- ▶ An ideal cash position ratio is 0.75:1
- ▶ The ratio establishes the relationship between fixed assets and long-term funds is fixed assets ratio
- ▶ The ratio expresses the relationship between the proprietors funds and the total tangible assets is: proprietary ratio
- ▶ Capital gearing ratio is also known as leverage ratio
- ▶ If the closing balance is lower than the opening balance, it is called negative Cash flow
- ▶ Cash flow is increased by selling more goods or services, selling an asset,
- ▶ Cash flow is also increased by reducing costs, increasing the selling price,
- ▶ Cash flow is also increased by bringing in more equity, or taking a loan.
- ▶ The level of cash flow is not necessarily a good measure of performance, and vice versa: high levels of cash flow do not necessarily mean high or even any profit; and high levels of profit do not automatically translate into high or even positive cash flow.
- ▶ Cash flow is the movement of money into or out of a business, project, or financial product:
- ▶ Cash flow is usually measured during a Specified & Limited period of time:
- ▶ The (total) net cash flow of a company over a period (typically a quarter, half year, or a full year) is equal to the change in cash balance over this period: positive if the cash balance increases (more cash becomes available), negative if the cash balance decreases.
- ▶ The total net cash flow is the sum of cash flows that are classified in Three areas
- ▶ Cash received or expended as a result of the company's internal business activities. It includes cash earnings plus changes to working capital. Over the medium term this must be net positive if the company is to remain solvent? Operational cash flows
- ▶ Cash received from the sale of long-life assets, or spent on capital expenditure (investments, acquisitions and long-life assets)? Investment cash flows

- ▶ Cash received from the issue of debt and equity, or paid out as dividends, share repurchases or debt repayments? Financing cash flows
- ▶ Which one of the following is the best description of the goal of a financial manager in a corporation where shares are publicly traded? maximize the current value per share of the existing stock
- ▶ Which one of the following is a responsibility of the corporate controller? cost accounting management
- ▶ Which one of the following creates an agency cost? auditing the corporate financial statements
- ▶ When evaluating a project in which a firm might invest, both the size and the timing of the cash flows are important
- ▶ A type of small corporation that is taxed like a partnership and thus avoids double taxation in the U.S. is called a S corporation.
- ▶ Which are disadvantages of a sole proprietorship? Limited life & ability to raise capital
- ▶ The term capital structure describes the mixture of debt and equity a firm uses to finance its operations.
- ▶ Which is an advantage enjoyed by the owner of a corporation but not by the owner of a sole proprietorship? Unlimited life
- ▶ The treasurer and controller generally report to the Vice President of Finance
- ▶ It is generally easier to form a sole proprietorship than it is to form a corporation.
- ▶ Which one of the following is considered a primary market transaction? a firm selling stock to the public for the first time in an IPO
- ▶ None of the owners of a sole proprietorship benefit from limited liability.
- ▶ The process by which unhappy stockholders can attempt to replace existing management is called a Proxy fight.
- ▶ A primary market transaction occurs when a firm first sells its shares to the investing public.
- ▶ The division of partnership profits is outlined in the partnership agreement.
- ▶ The death of an owner effectively dissolves which of the following types of firms? sole proprietorship & partnership comprised of only general partners
- ▶ What should the primary goal of a financial manager be? maximizing the firm's current stock price
- ▶ When a firm issues debt, cash flows into the firm.
- ▶ The majority of the trades on the NYSE can best be described as? secondary market transactions in an auction market.
- ▶ A manager in charge of working capital determines? how much inventory a firm should maintain.
- ▶ An appropriate financial decision will increase the size of the cash flows to the firm, all else equal.
- ▶ Capital structure refers to the amount of long-term debt and equity a firm employs.
- ▶ Which is a primary market transaction? buy order given to an investment banker for a new public stock offering
- ▶ The articles of incorporation contain(s) the corporation's name, its intended life, its business purpose, and the number of shares that can be issued:

- ▶ Which one of the following is a primary market transaction? buying shares in a firm when it first sells shares to the public
- ▶ Capital budgeting is the process of planning and managing a firm's long-term investments.
- ▶ The secondary market is defined as a market in which securities are traded between two shareholders.
- ▶ Which one of the following is considered a benefit of the corporate form of organization? ease of the transfer of ownership
- ▶ Which one of the following should produce the least amount of agency cost? bonuses based on the per share value of the company stock
- ▶ The life of a corporation is unlimited.
- ▶ An advantage of the corporate form of organization over that of a sole proprietorship? It is easier to transfer ownership in a corporation than in a sole proprietorship.
- ▶ According to the balance sheet model of the firm, corporate finance may be thought of as the analysis of three primary subject areas. Which of the following groups correctly lists these three areas? capital budgeting, capital structure, net working capital
- ▶ A financial manager of a corporation is considering different operating strategies for the coming year. From a financial management standpoint, which one of the following would be her optimal strategy? maximizing the value of the stock
- ▶ All partners are personally responsible for the debts of the partnership.
- ▶ Tasks related to tax management, cost accounting, financial accounting, and data processing are the primary responsibilities of which corporate officer? controller
- ▶ The income statement equation is: Revenues - Expenses = Income.
- ▶ Interest expense is a cash outflow from the company to the bondholders.
- ▶ Assets are listed on the balance sheet in order of decreasing liquidity.
- ▶ Which one of the following assets is generally considered to be the most liquid? accounts receivable
- ▶ Which one of the following correctly defines operating cash flow? EBIT + Depreciation - Taxes
- ▶ Accounting statements are usually prepared to match the timing of income and expenses.
- ▶ The market value and the book value are most similar for which one of the following accounts? inventory
- ▶ The income statement? when prepared according to GAAP will show revenue when it accrues.
- ▶ Liquidity refers to the speed and ease with which an asset can be converted into cash.
- ▶ Accounts receivable are generally considered to be more liquid than inventory.
- ▶ If operating cash flow is negative, then cash flow from assets may still be positive.
- ▶ Intangible assets include such things as patents.
- ▶ The cost of an inventory item is expensed at the time the item is sold.
- ▶ Which one of the following assets is generally considered to be the most liquid? accounts receivable
- ▶ Which one of the following statements correctly describes the balance sheet of a firm? Current assets and fixed assets are on the left-hand side of a balance sheet.

- ▶ Net working capital is usually positive for a healthy firm.
- ▶ A non-cash item is an expense charged against revenues that does not directly affect cash flow.
- ▶ Which term is used to define debts which must be paid by a firm within the next twelve months? current liabilities
- ▶ The marginal tax rate is the rate that applies if one more dollar of income is earned while the average tax rate is the total tax paid divided by taxable income.
- ▶ Cash flow to stockholders is equal to dividends paid minus net new equity.
- ▶ You are to determine the level of net capital spending by a firm. If you have the balance sheet and income statements, how would you go about your task? ending net fixed assets minus beginning net fixed assets plus depreciation
- ▶ Which one of the following statements is generally true regarding liquidity? Liquidity is valuable to a firm because liquid assets can be sold quickly without much loss in value.
- ▶ Under GAAP, balance sheet assets are carried on the books at historical cost.
- ▶ Which one of the following is considered a noncash expense on the income statement? depreciation
- ▶ Which one of the following is the proper procedure to determine net investment in fixed assets over the course of a year? ending net fixed assets minus beginning net fixed assets plus depreciation
- ▶ A firm with negative net working capital has more current liabilities than current assets.
- ▶ Accounts payable are a component of net working capital.
- ▶ An increase in the financial leverage of a firm as a result of an increase in outstanding debt increases the potential reward to stockholders while increasing the risk of financial distress or bankruptcy:
- ▶ Which is the least concern to an auditor regarding the client's internal control system? Efficiency and effectiveness of operations
- ▶ A written or electronic record maintained for each of a company's assets, liabilities and categories of owner's equity, including revenues, expenses and dividends is called Account.
- ▶ Accounts are used to summarize the affects of a company's transactions on each of its assets, liabilities and categories of owners' equity.
- ▶ A company's transactions are originally recorded through journal entries and then posted to the specific accounts affected.
- ▶ Accounts that accumulate transactional entries for distinct periods of time and are closed to the retained earnings/deficits account at the end of each period is called Nominal accounts.
- ▶ Nominal accounts are sometimes referred to as "temporary accounts" and include all revenue, contra-revenue, expense and dividend accounts.
- ▶ Accounts that maintain cumulative running balances and are reflected on a company's balance sheet is called Real accounts.
- ▶ Real accounts include all asset, contra-asset, liability, capital contribution and retained earnings/deficits accounts.
- ▶ Real accounts are never closed because they are designed specifically to maintain running balances of business activities from a company's inception.

- ▶ The periodic process of identifying, recording and summarizing a company's transactions for the purpose of producing financial statements in accordance with GAAP is called accounting cycle
- ▶ The traditional accounting cycle typically requires a company to (1) identify its transactions, (2) record transactions in a journal, (3) post journal entries to accounts in the general ledger, (4) prepare a trial balance, (5) make and post adjusting entries, (6) prepare financial statements, and (7) make and post closing entries before the start of the next accounting period.
- ▶ An amount due for payment to a supplier of goods or services, also described as a trade creditor is called account payable.
- ▶ An amount due from a customer, also described as a trade debtor is called account receivable.
- ▶ A business partnership (or possibly a limited company) in which the partners are qualified accountants is called accountancy firm.
- ▶ The firm undertakes work for clients in respect of audit, accounts preparation, tax and similar activities.
- ▶ The collective body of persons qualified in accounting, and working in accounting-related areas is called accountancy profession.
- ▶ The process of identifying, measuring and communicating financial information about an entity to permit informed judgements and decisions by users of the information is called accounting.
- ▶ The relationship between assets, liabilities and ownership interest is called accounting equation.
- ▶ Time period for which financial statements are prepared (e.g. month, quarter, year) is called accounting period.
- ▶ Accounting methods which have been judged by business enterprises to be most appropriate to their circumstances and adopted by them for the purpose of preparing their financial statements is called accounting policies.
- ▶ Definitive statements of best practice issued by a body having suitable authority is called accounting standards.
- ▶ The authority in the UK which issues definitive statements of best accounting practice is called Accounting Standards Board.
- ▶ The effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate is called accruals basis
- ▶ Total depreciation of a non-current (fixed) asset, deducted from original cost to give net book value is called accumulated depreciation.
- ▶ The ratio of liquid assets to current liabilities is called acid test.
- ▶ Company that becomes controlled by another is called acquiree.
- ▶ Company that obtains control of another is called acquirer.
- ▶ An acquisition takes place where one company – the acquirer – acquires control of another – the acquiree – usually through purchase of shares is called acquisition.
- ▶ Production of consolidated financial statements for an acquisition is called acquisition method.
- ▶ Costs of managing and running a business is called administrative expenses.
- ▶ A relationship between a principal and an agent. In the case of a limited liability company, the shareholder is the principal and the director is the agent is called agency.

- ▶ A theoretical model, developed by academics, to explain how the relationship between a principal and an agent may have economic consequences is called agency theory.
- ▶ To assign a whole item of cost, or of revenue, to a simple cost centre, account or time period is called allocate.
- ▶ Process similar to depreciation, usually applied to intangible fixed assets is called amortisation.
- ▶ A document produced each year by limited liability companies containing the accounting information required by law is called annual report.
- ▶ Larger companies also provide information and pictures of the activities of the company.
- ▶ Document setting out the relative rights of shareholders in a limited liability company is called articles of association.
- ▶ The term 'articulation' is used to refer to the impact of transactions on the balance sheet and profit and loss account through application of the accounting equation is called articulation.
- ▶ Rights or other access to future economic benefits controlled by an entity as a result of past transactions or events is called assets.
- ▶ One company exercises significant influence over another, falling short of complete control is called associated company.
- ▶ An audit is the independent examination of, and expression of opinion on, financial statements of an entity is called audit.
- ▶ An employee of an accountancy firm, usually holding an accountancy qualification, given a significant level of responsibility in carrying out an audit assignment and responsible to the partner in charge of the audit is called audit manager.
- ▶ It is known that a credit customer (debtor) is unable to pay the amount due is called bad debt.
- ▶ A statement of the financial position of an entity showing assets, liabilities and ownership interest is called balance sheet.
- ▶ An arrangement with a bank to borrow money as required up to an agreed limit is called bank facility.
- ▶ The name sometimes given to loan finance (more commonly in the USA) is called bond.
- ▶ Member of a stock exchange who arranges purchase and sale of shares and may also provide an information service giving buy/sell/hold recommendations is called broker (stockbroker).
- ▶ Bulletin written by a stock broking firm for circulation to its clients, providing analysis and guidance on companies as potential investments is called broker's report.
- ▶ A transaction in which one company acquires control of another is called business combination.
- ▶ Period (usually 12 months) during which the peaks and troughs of activity of a business form a pattern which is repeated on a regular basis is called business cycle.
- ▶ A business which exists independently of its owners is called business entity.
- ▶ The company has called upon the shareholders who first bought the shares, to make their payment in full.
- ▶ An amount of finance provided to enable a business to acquire assets and sustain its operations is called capital.
- ▶ Spending on non-current (fixed) assets of a business is called capital expenditure.

- ▶ Issue of shares to existing shareholders in proportion to shares already held. Raises no new finance but changes the mix of share capital and reserves is called capitalisation issue.
- ▶ Cash on hand (such as money held in a cash box or a safe) and deposits in a bank that may be withdrawn on demand is called cash.
- ▶ Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value is called cash equivalents.
- ▶ Statements of cash expected to flow into the business and cash expected to flow out over a particular period is called cash flow projections.
- ▶ Provides information about changes in financial position is called cash flow statement.
- ▶ The person who chairs the meetings of the board of directors of a company (preferably not the chief executive) is called chairman.
- ▶ The director in charge of the day-to-day running of a company is called chief executive.
- ▶ Period during which those who are 'insiders' to a listed company should not buy or sell shares is called close season.
- ▶ A method of borrowing money from commercial institutions such as banks is called commercial paper.
- ▶ Qualitative characteristic expected in financial statements, comparable within company and between companies is called comparability.
- ▶ Qualitative characteristic expected in financial statements is called completeness.
- ▶ A statement of principles providing generally accepted guidance for the development of new reporting practices and for challenging and evaluating the existing practices is called conceptual framework.
- ▶ The measurement and display of similar transactions and other events is carried out in a consistent way throughout an entity within each accounting period and from one period to the next, and also in a consistent way by different entities is called consistency.
- ▶ Present financial information about the group as a single reporting entity is called consolidated financial statements.
- ▶ Consolidation is a process that aggregates the total assets, liabilities and results of the parent and its subsidiaries (the group) in the consolidated financial statements is called consolidation.
- ▶ Obligations that are not recognised in the balance sheet because they depend upon some future event happening is called contingent liabilities.
- ▶ The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities is called control.
- ▶ Loan finance for a business that is later converted into share capital is called convertible loan.
- ▶ The system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies is called corporate governance.
- ▶ Companies integrate social and environmental concerns in their business operations and in their interactions with stakeholders is called corporate social responsibility.

- ▶ Tax payable by companies, based on the taxable profits of the period is called corporation tax.
- ▶ Rate of interest payable on a loan is called coupon.
- ▶ Entries in the credit column of a ledger account represent increases in liabilities, increases in ownership interest, revenue, or decreases in assets is called credit (bookkeeping system).
- ▶ The supplier agrees to allow the customer to make payment some time after the delivery of the goods or services. Typical trade credit periods range from 30 to 60 days but each agreement is different is called credit (terms of business).
- ▶ A document sent to a customer of a business cancelling the customer's debt to the business, usually because the customer has returned defective goods or has received inadequate service is called credit note.
- ▶ A business entity takes delivery of goods or services and is allowed to make payment at a later date is called credit purchase.
- ▶ A loan issued at a relatively low price compared to its nominal value is called deep discount bond.
- ▶ Failure to meet obligations as they fall due for payment is called default.
- ▶ An asset whose benefit is delayed beyond the period expected for a current asset, but which does not meet the definition of a fixed asset is called deferred asset.
- ▶ The obligation to pay tax is deferred (postponed) under tax law beyond the normal date of payment is called deferred taxation.
- ▶ Cost of a non-current (fixed) asset minus residual value is called depreciable amount.
- ▶ The systematic allocation of the depreciable amount of an asset over its useful life is called depreciation.
- ▶ The act of removing an item from the financial statements because the item no longer satisfies the conditions for recognition is called derecognition.
- ▶ Difference between fair value of the payment for a subsidiary and the fair value of net assets acquired, more commonly called goodwill is called difference on consolidation.
- ▶ Presents cash inflows and cash outflows is called direct method (of operating cash flow).
- ▶ A supplier of goods or services allows a business to deduct an amount called a discount, for prompt payment of an invoiced amount is called discount received. The discount is often expressed a percentage of the invoiced amount.
- ▶ Amount paid to a shareholder, usually in the form of cash, as a reward for investment in the company is called dividend.
- ▶ The amount of dividend paid is proportionate to the number of shares held.
- ▶ Earnings per share divided by dividend per share is called dividend cover.
- ▶ Dividend per share divided by current market price is called dividend yield.
- ▶ Amounts due from credit customers where there is concern that the customer may be unable to pay is called doubtful debts.
- ▶ Cash taken for personal use, in sole trader or partnership business, treated as a reduction of ownership interest is called drawings.

- ▶ The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument is called effective interest rate.
- ▶ Share prices in a stock market react immediately to the announcement of new information is called efficient markets hypothesis.
- ▶ A business activity or a commercial project is called enterprise.
- ▶ Something that exists independently, such as a business which exists independently of the owner is called entity.
- ▶ The value of entering into acquisition of an asset or liability, usually replacement cost is called entry price.
- ▶ A person who investigates and writes reports on ordinary share investments in companies (usually for the benefit of investors in shares) is called equities analyst.
- ▶ A description applied to the ordinary share capital of an entity is called equity.
- ▶ Reports in the balance sheet the parent or group's share of the investment in the share capital and reserves of an associated company is called equity accounting.
- ▶ A collection of equity shares is called equity portfolio.
- ▶ Shares in a company which participate in sharing dividends and in sharing any surplus on winding up, after all liabilities have been met is called equity shares.
- ▶ A market in which bonds are issued in the capital market of one country to a non-resident borrower from another country is called eurobond market.
- ▶ A method of valuing assets and liabilities based on selling prices, as an alternative to historical cost is called exit value.
- ▶ An expense is caused by a transaction or event arising during the ordinary activities of the business which causes a decrease in the ownership interest is called expense.
- ▶ Reporting financial information to those users with a valid claim to receive it, but who are not allowed access to the day-to-day records of the business is called external reporting.
- ▶ Users of financial statements who have a valid interest but are not permitted access to the day-to-day records of the company is called external users (of financial statements).
- ▶ The amount at which an asset or liability could be exchanged in an arm's-length transaction between a willing buyer and a willing seller is called fair value.
- ▶ Pakistan Industrial Credit and Investment Corporation (PICIC) is one of the first Development finance institutions established with the World Bank Group assistance in 1957 in Pakistan
- ▶ When PICIC Commercial Bank was bought by Singapore's NIB Bank? 2007
- ▶ The NIB Bank Limited (formerly NDLC-IFIC Bank Limited) was incorporated in March 2003 as a publicly listed company.
- ▶ The Bank of Credit and Commerce International (BCCI) was a major international bank founded in Karachi, Pakistan in 1972
- ▶ The Bank of Credit and Commerce International (BCCI) was founded by Agha Hasan Abedi
- ▶ Where the Headquarter of BankIslami Pakistan Limited is located? Karachi, Pakistan
- ▶ BankIslami Pakistan received an Islamic commercial banking license from State Bank of Pakistan on March 31, 2005

- ▶ Meezan Bank Limited is a publicly listed company, first incorporated on January 27, 1997
- ▶ Meezan Bank Limited started operations as an Islamic investment bank in August 1997
- ▶ When Meezan Bank was granted the Nations first full-fledged commercial banking license dedicated to Islamic Banking, by the State Bank of Pakistan? January, 2002
- ▶ United Bank Limited was founded on November 7, 1959
- ▶ Where the Headquarter of United Bank Limited is located? Karachi, Pakistan
- ▶ Who was the founder of United Bank Limited? Agha Hasan Abedi
- ▶ Which one of the following approaches to the definition of money gives the widest possible view of money? Central bank approach
- ▶ Money has been defined as 'that by delivery of which debt contracts and price contracts are discharged, and in the shape of which general purchasing power is held'. Said by J.M. Keynes
- ▶ Fiat money refers to Legal money
- ▶ Which one of the following is an example of quasi-money or near-money? Bills of exchange
- ▶ When the commodity value of money and its value as money are equal, it is called Full-bodied money
- ▶ The limited legal-tender money stands for the component of money which is legal tender for payment upto a certain maximum amount
- ▶ As compared to the classical theory, which function of money was stressed more in the Keynesian theory? Store of value
- ▶ Bad money drives good money out of circulation. With whole name is this law associated? Thomas Gresham
- ▶ Identify the country which was the first to adopt the gold standard? UK
- ▶ During which decade of the nineteenth century did most European countries adopt the gold standard? Eighties
- ▶ When did the UK finally abandon the gold standard? 1931
- ▶ Who is generally regarded as the founder of the Modern Quantity Theory of Money? Milton Friedman
- ▶ The Quantity Theory of Money establishes the relationship between quantity of money in an economy and the level of Prices
- ▶ Who introduced the concept of the real balance effect? A.C.Pigou
- ▶ The relationship between the market rate of interest and the market price of a bond is Inverse
- ▶ The degree of elasticity in respect of speculative demand for money, under the liquidity trap conditions, is Infinite
- ▶ A retail price index is a good measure of changes in Consumers' cost of living
- ▶ At a very low rate of interest, the interest-elasticity of the speculative demand for money becomes infinite
- ▶ The liquidity trap condition occurs at a very low rate of interest
- ▶ In which capacity does a person stand to gain from deflation? As a pensioner
- ▶ According to the classical approach, the demand for money primarily depends upon? Economic transactions
- ▶ Stagflation refers to a situation which is characterized by Sustained price-rise and rising unemployment

- ▶ The first explanation of stagflation was offered originally in 1931 by Friedrich A. von Hayek
- ▶ The reduction or elimination of inflation is known as Disinflation
- ▶ Selective credit control devices are used by the central bank of a country to control the flow of aggregate bank credit to different productive activities in the economy
- ▶ One of the following is an instrument of qualitative credit control. Identify it  
credit rationing
- ▶ Which of the following is an instrument of quantitative credit control? Variable reserve ratio
- ▶ Reserves is not an item on the assets side of the balance sheet of a commercial bank
- ▶ Commercial banks have always to face a conflict between? Liquidity and profitability
- ▶ The main function of legal cash reserve requirements is to influence the demand deposit-creating power of commercial banks
- ▶ Since when has the Reserve Bank of India been successfully operating the instrument of selective credit control in this country? 1956
- ▶ Identify the country, which first employed credit rationing as an instrument of credit control? France
- ▶ The 'terms of trade' refer to Ratio of the index of export prices to the index of import prices.
- ▶ By which year had the gold standard virtually disappeared from the world as an international monetary system? 1936
- ▶ The market for very short term loans is known as Money market
- ▶ If the increase in exports exceeds the increase in imports, and other things remain the same, then the level of income will Rise
- ▶ Of the following concepts of term of trade, which one was introduced by F.W. Taussig? Commodity terms of trade
- ▶ What would be the impact on the country's balance of payments position, when in the context of inflationary pressures recourse is taken to expenditure reducing policies? Favourable
- ▶ Which of the following items in the balance of payments is invisible? Foreign travel
- ▶ If the elasticity of foreign demand for the country's exports is unity, the supply curve of foreign exchange will be? Vertical
- ▶ What does the modern theory of international trade predict regarding difference in factor prices between nations on account of trade? The difference? Diminishes
- ▶ The multiple exchange rates were first employed by Germany
- ▶ Double entry implies that recording two aspects of every transaction
- ▶ Which of the following accounts can be classified as a real account? Cash account
- ▶ Keeping the log of financial information in books of original entries is called Recording
- ▶ Bookkeeping mainly concerns with which part of accounting process? Recording financial information
- ▶ Are assets debited or credited when they increase? Debited
- ▶ Usually, what asset account in a company's ledger is the most liquid? Cash
- ▶ When we talk about accounting, what kind of job do we mean? All of bookkeeping, auditing, consulting, and more

- ▶ NAM caters for Modified Cash Accounting, Commitment Accounting and
- ▶ The process of recording data relating to accounting transactions in the accounting books is called Bookkeeping
- ▶ Books of original entry are sometimes referred to as Books of Prime Entry
- ▶ A system where each transaction is entered twice, once on the debit side and once on the credit side is called Double entry bookkeeping.
- ▶ The process of recording data relating to accounting transactions in the accounting books is called Bookkeeping
- ▶ The process of recording is done? Frequently during the accounting period
- ▶ The act of transferring the information from the General Journal to the General Ledger is called what? Posting
- ▶ What is a firm's payment to a supplier for merchandise inventory recorded in? cash disbursements journal
- ▶ Where are amounts owed by customers for credit purchases found? accounts receivable subsidiary ledger
- ▶ Where would a debit posted to accounts payable in the general ledger come from? cash disbursements journal
- ▶ Usually, what asset account in a company's ledger is the most liquid? Cash
- ▶ A group of accounts with a common characteristic, such as all customer accounts is a Subsidiary ledger
- ▶ General journal is a book of Original entries
- ▶ The process of recording transactions in different journals is called Journalizing
- ▶ Every business transaction affects at least Two accounts
- ▶ Discount allowed is a kind of deduction from Account receivable
- ▶ The other name of journal is Day book
- ▶ A journal entry in which two or more account is debited or credited is referred as Compound entry
- ▶ Goods returned by customer should be debited to which of the following accounts? Return inward account
- ▶ Source documents is the evidence that a transaction took place
- ▶ Which of the following accounts will be debited if the business's owner withdraws cash from business for his personal use? Drawings
- ▶ Journals are also referred as Book of original entries
- ▶ In which of the following orders data is entered in journal? Chronological order
- ▶ Cash book is prepared by Accountant of business
- ▶ The most common imprest system is the petty cash system
- ▶ A cash book that is used to record the small payments of cash is generally referred as Petty cash book
- ▶ The closing balance of petty cash book is considered as Asset
- ▶ A cash book with cash, bank and discount column is commonly referred as Three columns cash book
- ▶ Cash book records Cash payments and cash receipts
- ▶ Postdated checks are considered as Accounts receivable

- ▶ Petty cash fund is supposed to be replenished At the end of every accounting period
- ▶ Which of the following specialised journals records "goods returned by customers"? Sales return journal
- ▶ A term usually applied to external reporting by a business where that reporting is presented in financial terms is called financial accounting.
- ▶ The ability of the company to respond to unexpected needs or opportunities is called financial adaptability.
- ▶ Information which may be reported in money terms is called financial information.
- ▶ Documents presenting accounting information which is expected to have a useful purpose is called financial statements.
- ▶ The ability to survive on an ongoing basis is called financial viability.
- ▶ Activities that result in changes in the size and composition of the contributed equity and borrowings of the entity is called financing activities.
- ▶ An asset that is held by an enterprise for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in the reporting entity's activities is called fixed asset
- ▶ Revenue divided by net book value of fixed assets is called fixed assets usage.
- ▶ Finance provided to support the acquisition of fixed assets is called fixed capital.
- ▶ One which is not affected by changes in the level of output over a defined period of time is called fixed cost.
- ▶ Security taken by lender which floats over all the assets and crystallises over particular assets if the security is required is called floating charge.
- ▶ A list of items which may appear in a financial statement, setting out the order in which they are to appear is called format.
- ▶ An agreement to buy foreign currency at a fixed future date and at an agreed price is called forward exchange contract.
- ▶ Shares on which the amount of share capital has been paid in full to the company is called fully paid.
- ▶ A person who manages a collection (portfolio) of investments, usually for an insurance company, a pension fund business or a professional fund management business which invests money on behalf of clients is called fund manager.
- ▶ The ratio of debt capital to ownership claim is called gearing (financial).
- ▶ The assumption that the business will continue operating into the foreseeable future is called going concern basis.
- ▶ Goodwill on acquisition is the difference between the fair value of the amount paid for an investment in a subsidiary and the fair value of the net assets acquired is called goodwill.
- ▶ Before making deductions is called gross.
- ▶ Sales minus cost of sales before deducting administration and selling expenses (another name for gross profit) is called gross margin.
- ▶ Gross profit as a percentage of sales is called gross margin ratio.
- ▶ Sales minus cost of sales before deducting administration and selling expenses is called gross profit
- ▶ A page at the start of the annual report setting out key measures of performance during the reporting period is called highlights statement.

- ▶ Method of valuing assets and liabilities based on their original cost without adjustment for changing prices is called historical cost.
- ▶ International Accounting Standard, issued by the IASB's predecessor body.
- ▶ International Accounting Standards Board, an independent body that sets accounting standards accepted as a basis for accounting in many countries, including all Member States of the European Union.
- ▶ The accounting standards and guidance issued by the IASB.
- ▶ International Financial Reporting Standard, issued by the IASB.
- ▶ A reduction in the carrying value of an asset, beyond the expected depreciation, which must be reflected by reducing the amount recorded in the balance sheet is called impairment.
- ▶ Testing assets for evidence of any impairment is called impairment review.
- ▶ Test that the business can expect to recover the carrying value of the intangible asset, through either using it or selling is called impairment test.
- ▶ A change in, in addition to, a non-current (fixed) asset that extends its useful life or increases the expected future benefit. Contrast with repair which restores the existing useful life or existing expected future benefit is called improvement.
- ▶ Financial statement presenting revenues, expenses, and profit. Also called profit and loss account is called income statement.
- ▶ The date on which a company comes into existence is called incorporation, date of.
- ▶ Calculates operating cash flow by adjusting operating profit for non-cash items and for changes in working capital is called indirect method (of operating cash flow).
- ▶ Information gained by someone inside, or close to, a listed company which could confer a financial advantage if used to buy or sell shares is called.
- ▶ An organisation whose business includes regular investment in shares of companies, examples being an insurance company, a pension fund, a charity, an investment trust, a unit trust, a merchant bank is called institutional investor.
- ▶ Without shape or form, cannot be touched is called intangible.
- ▶ The percentage return on capital required by the lender (usually expressed as a percentage per annum is called interest (on loans)).
- ▶ Financial statements issued in the period between annual reports, usually half-yearly or quarterly is called interim reports.
- ▶ Reporting financial information to those users inside a business, at various levels of management, at a level of detail appropriate to the recipient is called internal reporting.
- ▶ Stocks of goods held for manufacture or for resale is called inventory.
- ▶ The acquisition and disposal of long-term assets and other investments not included in cash equivalents is called investing activities.
- ▶ The partnership liabilities are shared jointly but each person is responsible for the whole of the partnership is called joint and several liability (in a partnership).
- ▶ Quantified measures of factors that help to measure the performance of the business effectively is called key performance indicators.
- ▶ Acquiring the use of an asset through a rental agreement is called leasing.

- ▶ Representing a transaction to reflect its legal status, which might not be the same as its economic form is called legal form.
- ▶ Alternative term for gearing, commonly used in the USA is called leverage.
- ▶ Obligations of an entity to transfer economic benefits as a result of past transactions or events is called liabilities.
- ▶ A phrase used to indicate that those having liability in respect of some amount due may be able to invoke some agreed limit on that liability is called limited liability.
- ▶ Company where the liability of the owners is limited to the amount of capital they have agreed to contribute is called limited liability company.
- ▶ The extent to which a business has access to cash or items which can readily be exchanged for cash is called liquidity.
- ▶ A company whose shares are listed by the Stock Exchange as being available for buying and selling under the rules and safeguards of the Exchange is called listed company.
- ▶ Rules imposed by the Stock Exchange on companies whose shares are listed for buying and selling is called listing requirements.
- ▶ Agreement made by the company with a lender of long-term finance, protecting the loan by imposing conditions on the company, usually to restrict further borrowing is called loan covenants.
- ▶ A method of borrowing from commercial institutions such as banks is called loan notes.
- ▶ Loan finance traded on a stock exchange is called loan stock.
- ▶ Collective term for those persons responsible for the day-to-day running of a business is called management.
- ▶ Reporting accounting information within a business, for management use only is called management accounting.
- ▶ The price for which a share could be transferred between a willing buyer and a willing seller is called market value (of a share).
- ▶ Valuing a marketable asset at its current market price is called marking to market.
- ▶ Profit, seen as the 'margin' between revenue and expense is called margin.
- ▶ Expenses are matched against revenues in the period they are incurred is called matching.
- ▶ Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements is called materiality.
- ▶ The date on which a liability is due for repayment is called maturity.
- ▶ The timing of loan repayments by a company in the future is called maturity profile of debt.
- ▶ Document setting out main objects of the company and its powers to act is called memorandum (for a company).
- ▶ Two organisations agree to work together in a situation where neither can be regarded as having acquired the other is called merger.
- ▶ The ownership interest in a company held by persons other than the parent company and its subsidiary undertakings is called minority interest.
- ▶ Minority interest is called a non-controlling interest.
- ▶ After making deductions is called net.
- ▶ Assets minus liabilities (equals ownership interest) is called net assets.

- ▶ Cost of non-current (fixed) asset minus accumulated depreciation is called net book value.
- ▶ Sales minus cost of sales minus all administrative and selling costs is called net profit.
- ▶ The proceeds of selling an item, less the costs of selling is called net realisable value.
- ▶ Qualitative characteristic of freedom from bias is called neutral.
- ▶ The amount stated on the face of a share certificate as the named value of the share when issued is called nominal value (of a share).
- ▶ Any asset that does not meet the definition of a current asset is called non-current assets. It is also described as fixed assets.
- ▶ Any liability that does not meet the definition of a current liability is called non-current liabilities. It is also described as long-term liabilities.
- ▶ Information in financial statements that gives more detail about items in the financial statements is called notes to the accounts.
- ▶ An arrangement to keep matching assets and liabilities away from the entity's balance sheet is called off-balance-sheet finance.
- ▶ A company makes a general offer of its shares to the public is called offer for sale.
- ▶ The principal revenue-producing activities of the entity and other activities that are not investing or financing activities is called operating activities.
- ▶ Section of the annual report of many companies which explains the main features of the financial statements is called operating and financial review.
- ▶ The ratio of fixed operating costs to variable operating costs is called operating gearing.
- ▶ Operating profit as a percentage of sales is called operating margin.
- ▶ Exists where there are factors, such as a high level of fixed operating costs, which would cause profits to fluctuate through changes in operating conditions is called operating risk.
- ▶ Shares in a company which entitle the holder to a share of the dividend declared and a share in net assets on closing down the business is called ordinary shares.
- ▶ The residual amount found by deducting all of the entity's liabilities from all of the entity's assets is called ownership interest.
- ▶ Company which controls one or more subsidiaries in a group is called parent company.
- ▶ Two or more persons in business together with the aim of making a profit is called partnership.
- ▶ A document setting out the agreement of the partners on how the partnership is to be conducted (including the arrangements for sharing profits and losses) is called partnership deed.
- ▶ Legislation which governs the conduct of a partnership and which should be used where no partnership deed has been written is called partnership law.
- ▶ A collection of investments is called portfolio (of investment).
- ▶ Method of producing consolidated financial statements is called purchase method.
- ▶ Total of goods and services bought in a period is called purchases.
- ▶ An audit opinion to the effect that the accounts do not show a true and fair view; or the accounts show a true and fair view except for particular matters is called qualified audit opinion.

- ▶ Opinion of investors on reliability of earnings (profit) as a basis for their forecasts is called quality of earnings.
- ▶ A profit arising from revenue which has been earned by the entity and for which there is a reasonable prospect of cash being collected in the near future is called realised profit.
- ▶ An official authorised by the government to maintain a record of all annual reports and other documents issued by a company is called Registrar of Companies.
- ▶ Qualitative characteristic of influencing the economic decisions of users is called relevance.
- ▶ Qualitative characteristic of being free from material error and bias, representing faithfully is called reliability.
- ▶ A measure of current value which estimates the cost of replacing an asset or liability at the date of the balance sheet. Justified by reference to value to the business is called replacement cost.
- ▶ The claim which owners have on the assets of a company because the company has created new wealth for them over the period since it began is called reserves.
- ▶ The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life is called residual value.
- ▶ Accumulated past profits, not distributed in dividends, available to finance investment in assets is called retained earnings.
- ▶ Profit of the period remaining after dividend has been deducted is called retained profit.
- ▶ The yield or reward from an investment is called return.
- ▶ Operating profit before deducting interest and taxation, divided by share capital plus reserves plus long-term loans is called return on capital employed.
- ▶ Operating profit before deducting interest and taxation, divided by total assets is called return on total assets.
- ▶ Profit for shareholders divided by share capital plus reserves is called return on shareholders' equity.
- ▶ The reward earned for investing money in a business. Return may appear in the form of regular cash payments (dividends) to the investor, or in a growth in the value of the amount invested is called return (in relation to investment).
- ▶ The claim which owners have on the assets of the business because the balance sheet records a market value for an asset that is greater than its historical cost is called revaluation reserve.
- ▶ Created by a transaction or event arising during the ordinary activities of the business which causes an increase in the ownership interest is called revenue.
- ▶ A company gives its existing shareholders the right to buy more shares in proportion to those already held is called rights issue.
- ▶ Factors that may cause the profit or cash flows of the business to fluctuate is called risk (in relation to investment).
- ▶ Document sent to customers recording a sale on credit and requesting payment is called sales invoice.
- ▶ Loan where the lender has taken a special claim on particular assets or revenues of the company is called secured loan.

- ▶ Reporting revenue, profit, cash flow assets, liabilities for each geographical and business segment within a business, identifying segments by the way the organisation is managed is called segmental reporting.
- ▶ Name given to the total amount of cash which the shareholders have contributed to the company is called share capital.
- ▶ A document providing evidence of share ownership is called share certificate.
- ▶ The claim which owners have on the assets of a company because shares have been purchased from the company at a price greater than the nominal value is called share premium.
- ▶ Owners of a limited liability company is called shareholders.
- ▶ Name given to total of share capital and reserves in a company balance sheet is called shareholders' funds.
- ▶ The amount of share capital held by any shareholder is measured in terms of a number of shares in the total capital of the company is called shares.
- ▶ Money lent to a business for a short period of time, usually repayable on demand and also repayable at the choice of the business if surplus to requirements is called short-term finance.
- ▶ An individual owning and operating a business alone is called sole trader.
- ▶ Documents containing accounting information which is prepared for a particular purpose and is not normally available to a wider audience is called specific purpose financial statements.
- ▶ A general term devised to indicate all those who might have a legitimate interest in receiving financial information about a business because they have a 'stake' in it is called stakeholders.
- ▶ A financial statement reporting all items causing changes to the ownership interest during the financial period, under the IASB system is called statement of changes in equity.
- ▶ A document issued by the Accounting Standards Board in the United Kingdom setting out key principles to be applied in the process of setting accounting standards is called statement of principles.
- ▶ A financial statement reporting realised and unrealised income and expense as part of a statement of changes in equity under the IASB system is called statement of recognised income and expense.
- ▶ A financial statement reporting changes in equity under the UK ASB system is called statement of total recognised gains and losses.
- ▶ Loan finance that starts with a relatively low rate of interest which then increases in steps is called stepped bond.
- ▶ Taking care of resources owned by another person and using those resources to the benefit of that person is called stewardship.
- ▶ A word with two different meanings. It may be used to describe an inventory of goods held for resale or for use in business. It may also be used to describe shares in the ownership of a company. The meaning will usually be obvious from the way in which the word is used is called stock.
- ▶ An organisation which has the authority to set rules for persons buying and selling shares. The term 'stock' is used loosely with a meaning similar to that of 'shares' is called stock exchange (Also called 'lock market').

- ▶ Average number of days for which inventory (stock) is held before use or sale is called stock holding period.
- ▶ Company in a group which is controlled by another (the parent company) is called subsidiary company.
- ▶ Information in the financial statements should show the economic or commercial substance of the situation is called substance (economic).
- ▶ Totals of similar items grouped together within a financial statement is called subtotal.
- ▶ Average number of days credit taken from suppliers is called suppliers' payment period.
- ▶ A fixed asset (also called a non-current asset) which has a physical existence is called tangible fixed assets.
- ▶ Qualitative characteristic that potentially conflicts with relevance is called timeliness.
- ▶ Sales divided by total assets is called total assets usage.
- ▶ Persons who supply goods or services to a business in the normal course of trade and allow a period of credit before payment must be made is called trade creditors.
- ▶ Persons who buy goods or services from a business in the normal course of trade and are allowed a period of credit before payment is due is called trade debtors.
- ▶ Amounts due to suppliers (trade creditors), also called accounts payable is called trade payables.
- ▶ Amounts due from customers (trade debtors), also called accounts receivable is called trade receivables.
- ▶ Requirement of UK company law for UK companies not using IASB system is called true and fair view.
- ▶ The sales of a business or other form of revenue from operations of the business is called turnover.
- ▶ Limited liability company whose shares are not listed on any stock exchange is called unlisted (company).
- ▶ Those who have no claim against particular assets when a company is wound up, but must take their turn for any share of what remains is called unsecured creditors.
- ▶ Loan in respect of which the lender has taken no special claim against any assets is called unsecured loan.
- ▶ An idea used in deciding on a measure of current value is called value to the business.
- ▶ The difference between a planned, budgeted or standard cost and the actual cost incurred is called variance.
- ▶ An adverse variance arises when the actual cost is greater than the standard cost. A favourable variance arises when the actual cost is less than the standard cost.
- ▶ Finance provided to support the short-term assets of the business (stocks and debtors) to the extent that these are not financed by short-term creditors is called working capital.
- ▶ Total of stock holding period plus customers collection period minus suppliers payment period is called working capital cycle.
- ▶ Cost of partly completed goods or services, intended for completion and recorded as an asset is called work-in-progress.
- ▶ Name the Pakistan's Central Banking Institution, which controls the Monetary Policy of the Pakistani Rupee? State Bank of Pakistan

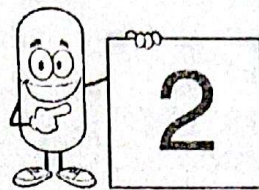
- ▶ The Reserve Bank of India was established on 1 April 1935
- ▶ The Reserve Bank of India commenced its operations during the British Rule in accordance with the provisions of the Reserve Bank of India Act, 1934
- ▶ State Bank of Pakistan is run by Board of directors
- ▶ After the Partition of India in 1947, The Reserve Bank of India served as the central bank for Pakistan until June 1948 when the State Bank of Pakistan commenced operations.
- ▶ State Bank of Pakistan commenced operation on July 1, 1948
- ▶ Who laid the foundation stone of State Bank of Pakistan? Muhammad Ali Jinnah
- ▶ A large section of the state bank's duties were widened when the State Bank of Pakistan Act 1956 was introduced.
- ▶ Who is the responsible to issue the monetary policy of Pakistan? State Bank of Pakistan
- ▶ Which Bank of Pakistan performs both the traditional and developmental functions to achieve macroeconomic goals? State Bank of Pakistan
- ▶ The traditional functions of State Bank of Pakistan may be classified into Two groups
- ▶ State Bank of Pakistan Issues of notes, regulation and supervision of the financial system,
- ▶ State Bank of Pakistan Issues of Bankers' bank, lender of the last resort, banker to Government
- ▶ State Bank of Pakistan Conducted of monetary policy
- ▶ Which Bank also has been playing an active part in the process of islamization of the banking system? State Bank of Pakistan
- ▶ Which Bank is active in promoting financial inclusion policy and is a leading member of the Alliance for Financial Inclusion? State Bank of Pakistan
- ▶ State Bank of Pakistan is also one of the original 17 regulatory institutions to make specific national commitments to financial inclusion under the Maya Declaration during the 2011 Global Policy Forum held in Mexico
- ▶ Which Bank of Pakistan has also been entrusted with the responsibility to carry out monetary and credit policy in accordance with Government targets for growth and inflation? State Bank of Pakistan
- ▶ The principal officer of the SBP is the Governor who is appointed for the term of Three years
- ▶ Central Board of State Bank of Pakistan is consists of Nine members
- ▶ Central Board of State Bank of Pakistan is consists of the Governor (who is Chairman), the Secretary, Finance Division, Government of Pakistan and Seven Directors
- ▶ How many Directors of Central Board of State Bank of Pakistan are nominated from each province? One Director
- ▶ Directors of Central Board of State Bank of Pakistan are appointed for terms of up to Three years
- ▶ Who is the chief executive of State Bank of Pakistan? Governor
- ▶ Who was the first governor of the Reserve Bank of India? Osborne Smith
- ▶ According to recent monetary policy of state bank of Pakistan, the Board of Directors, State Bank of Pakistan, has decided to keep the policy rate unchanged at 10 percent

- ▶ The Reserve Bank of India was set up based on the recommendations of the 1926 Royal Commission on Indian Currency and Finance, also known as the Hilton-Young Commission
- ▶ Who was the First Governor of State Bank of Pakistan? Zahid Hussain
- ▶ The currency of the Indian Reserve Bank was inscribed with words "Government of Pakistan" both in Urdu and English, and placed into circulation under the responsibility of the Government of Pakistan from 1st April 1948
- ▶ After creation the Pakistan government tasked to which Ministry to set up the country's own state bank? Finance Ministry
- ▶ When British Government's commission distributed the Bank of India's reserves between Pakistan and India? 30th December 1948
- ▶ When British Government's commission distributed the Bank of India's reserves between Pakistan and India, how much percentage has Pakistan got? 30 percent (750 M gold)
- ▶ Where the Headquarter of State Bank of Pakistan is located? Karachi, Pakistan
- ▶ Which is the central bank of Pakistan? The State Bank of Pakistan (SBP)
- ▶ A large section of the state bank's duties were widened when the State Bank of Pakistan Act 1956 was introduced.
- ▶ When the State Bank was given full autonomy, during the financial sector reforms? February 1994
- ▶ Who was the first female governor State Bank of Pakistan? Shamshad Akhtar
- ▶ The history of National Savings Organization dates back to the year? 1873
- ▶ When the Government Savings Bank Act was promulgated in sub continent? 1873
- ▶ During the First World War, the British Government introduced several Schemes for collection of funds to meet the expenditure in Subcontinent
- ▶ During the First World War, the British Government introduced Post Office Cash Certificates in Subcontinent
- ▶ During the Second World War, the British Government introduced Post Office Defence Savings Certificates in Subcontinent
- ▶ The need to setup a separate agency was felt and a National Savings Bureau was established in 1943- 44 as an attached department of the Ministry of Finance of the undivided Government of India
- ▶ National Savings Bureau department was headed by National Savings Commissioner with the status of a Joint Secretary
- ▶ At that time the main functions of the Savings Department were to initiate all policy matters and issue directives for the execution of policy decisions of the Central Government and to review the Savings Schemes from time to time
- ▶ These authorized agents were in those days the only agency for securing investment in terms of Savings Certificates from the general public
- ▶ An organization with the name of 'Pakistan savings Central Bureau' was created and the Savings work was entrusted to it by the Government of Pakistan
- ▶ When the Pakistan Savings Control Bureau was re-named as Central Directorate of National Savings and it carried out the functions on the lines of National Savings Bureau Simla? 1953

- ▶ Central Directorate of National Savings was given the status of an Attached Department in September, 1960 and was made responsible for all policy matters and execution of various National Savings Schemes
- ▶ Till December, 1971 the National Savings Organization functioned as a Publicity organization and its activities were merely promotional in nature.
- ▶ Name the first Pakistani Bank which started its operation on August 17, 1947? Habib Bank Ltd
- ▶ Which bank has provided 80 million loans for making 1st budget of Pakistan? Habib Bank Ltd
- ▶ Which is not a liability of commercial banks? Security holdings
- ▶ Under the unit banking system, each individual bank is a separate entity having its own independent management and board of directors. Which country is generally regarded as the home of the unit banking system? USA
- ▶ The branch banking system is currently in vogue in most countries of the world. Identify the country where it first developed? UK
- ▶ The china banking system a variant of the group banking system, developed around the mid-nineteenth century and reaching the apex of popularity in the present century. In which country did it develop? USA
- ▶ In which country was the Instrument of minimum legal cash reserves ratio for banks first introduced? USA
- ▶ Reduce the capacity of commercial banks to lend? Sales of securities in the open market by the central bank
- ▶ If there is a significant decrease in the demand for loans, banks will be forced to: Adjust their portfolios
- ▶ Open market operations refer to the buying and selling of Government securities
- ▶ Bank rate refer to the interest rate at which Central bank gives loans to commercial banks
- ▶ The immediate effect of credit-creation by banks is Increase in money supply
- ▶ The initial set of bank notes of Pakistan, in the denominations of 5, 10 and 100 rupees, was prepared by Thomas De La Rue & Company of Great Britain
- ▶ The initial set of bank notes of Pakistan, in the denominations of 1 and Rs. 2 notes were produced by Bradbury Wilkinson and Company of Great Britain
- ▶ Which is the biggest Commercial Bank of Pakistan? Habib Bank Ltd
- ▶ Till 1960 one Pakistani rupee had 16 ana and each ana having 4 paisa, i.e. one rupee having 64 paisas
- ▶ In 1960, the country switched to metric system and now one Pakistani rupee has 100 paisa
- ▶ On which currency note's back side is sketched of Ziarat Residency where Quaid-e-Azam spent his last days? Rs. 100 note
- ▶ Which picture appears on the back of Pakistani Rs. 5000 note? Faisal Mosque of Islamabad
- ▶ Which country introduced currency note for the first time? China
- ▶ Which picture appears on the back of Pakistani Rs. 500 note? Badshahi Mosque of Lahore
- ▶ The history of Standard Chartered in Pakistan dates back to 1863 when the Chartered Bank of India, Australia and China first established its operations in Karachi.

- ▶ When Standard Chartered merged Union Bank with its own subsidiary, Standard Chartered Bank (Pakistan), to create Pakistan's sixth largest bank? 30 December 2006
- ▶ When the banks of Pakistan were nationalized? January 1, 1974
- ▶ Which is the tallest building of Pakistan? Muslim Commercial Bank Building (Karachi)
- ▶ Bank Alfalah Limited is a private bank in Pakistan owned by the Abu Dhabi Group
- ▶ Bank Alfalah was incorporated on June 21, 1997 as a public limited company under the Companies Ordinance 1984.
- ▶ Banking operations of Bank Alfalah commenced from November 1, 1997
- ▶ Bank AL Habib Limited was founded in Karachi in 1991 with Headquarters at Karachi, Pakistan
- ▶ The Bank AL Habib Limited run by the Dawood Habib family group of companies is one of the growing banks in Pakistan
- ▶ The original Habib Bank Limited began in Mumbai in 1941
- ▶ Habib Bank Limited commenced operations in 1941 with a fixed capital of 25,000 rupees
- ▶ Impressed by its initial performance, Qaid-e-Azam Mohammed Ali Jinnah asked the Habib Bank Ltd to move its operations to Karachi after the independence of Pakistan
- ▶ Habib Bank Limited established its branch in the Karachi in 1943 and became a symbol of pride and progress for the people of Pakistan.
- ▶ Habib Bank Limited was nationalized in 1974
- ▶ During October 1991, Bank AL Habib was incorporated as a public limited company and began banking operations as a new private bank in 1992
- ▶ Allied Bank was established in 1942 before independence
- ▶ In August 2004 the Bank was restructured and the ownership was transferred to Ibrahim Group
- ▶ Allied Bank was established in 1942 as Australasia Bank
- ▶ National Bank of Pakistan was founded in 1949
- ▶ Where the Headquarter of National Bank of Pakistan is located? Karachi, Pakistan
- ▶ Which bank runs the Annual Awards for Excellence in Literature that confers awards to the best books in Urdu and in all prominent regional languages? National Bank of Pakistan
- ▶ Which Bank is the largest sponsor of sports in Pakistan? National Bank of Pakistan
- ▶ In 1949 National Bank of Pakistan (NBP) was established under the National Bank of Pakistan Ordinance of 1949
- ▶ Which bank of Pakistan acted as an agent of the central bank wherever the State Bank did not have its own branch? National Bank of Pakistan
- ▶ In which year National Bank of Pakistan established a branch in Jeddah, Saudi Arabia? 1950
- ▶ In which year National Bank of Pakistan established branches in London and Calcutta? 1955
- ▶ First Islamic banking branch of NBP started its operations in Karachi on December 15, 2006
- ▶ Allied Bank established in December 1942 as the Australasia Bank at Lahore with a paid-up share capital of PKR 0.12 million under the Chairmanship of Khawaja Bashir Bux and his business associates

- ▶ Allied Bank first Muslim bank on the soil of Pakistan in December 1942 by the name of Australasia Bank Limited
- ▶ The initial equity of the Allied Bank amounted to Rs 0.12 million, which was raised to Rs 0.5 million by the end of first full year of operation, and by the end of 30 June 1947 capital increased to Rs. 0.673 million and deposits raised to Rs 7.728 million
- ▶ Which was the only fully functional Muslim Bank on Pakistan territory on August the 14th, 1947? Australasia Bank
- ▶ MCB Bank Ltd formerly known as Muslim Commercial Bank Limited was incorporated by the Adamjee Group
- ▶ MCB Bank Ltd formerly known as Muslim Commercial Bank Limited was incorporated on July 9, 1947
- ▶ MCB Bank was nationalized in 1974 during the government of Zulfikar Ali Bhutto. This was the first bank to privatized in 1991 and the bank was purchased by a consortium of distinguished Pakistani corporate groups led by Nishat Group
- ▶ The Bank of Punjab was established in 1989



- ▶ When the Board of Directors of Australasia Bank was dissolved and the bank was renamed as Allied Bank? 1974
- ▶ Allied Bank limited opened three branches in the UK in 1974
- ▶ Mohammed Ali Jinnah persuaded the Dawood Habib family group to establish a commercial bank that could serve the Indian Muslim community.
- ▶ Which bank played an important role in mobilizing funds from the Muslim community to finance the All-India Muslim League's campaign for the establishment of Pakistan? Habib Bank Limited
- ▶ Which Bank played an important role in channeling relief funds to the people hurt in the communal riots and violence that preceded the departure of the British from India? Habib Bank Limited
- ▶ Habib Bank Limited opened the first of 3 branches in Sri Lanka in 1951
- ▶ After Pakistan was born in 1947, Habib Bank, at the urging of Governor-General Jinnah, moved its headquarters to Karachi, Pakistan
- ▶ Which was the first commercial bank of the newly formed Islamic Republic of Pakistan? Habib Bank Limited
- ▶ The Habib family owned and managed the bank until the Pakistan government nationalized it on 1 January 1974
- ▶ First Micro Finance Bank is a banking and loan institution of Aga Khan Agency for Microfinance and operates in Afghanistan and Pakistan. It is owned by the Aga Khan Development Network
- ▶ First Micro Finance Bank was set up by Aga Khan Rural Support Programme and the Aga Khan Fund for Economic Development in March 2002
- ▶ First Women Bank Limited (FWB) is located in Karachi, Pakistan
- ▶ First Women Bank Limited was incorporated as a Scheduled Commercial Bank in Public Sector on 21 November 1989
- ▶ First Women Bank Limited commenced its business on 2 December 1989 with a paid up capital of Rs. 100 million
- ▶ House Building Finance Corporation (HBFC) was established in the 1952 with the object of providing financial assistance for construction and purchase of houses to the people of Pakistan
- ▶ Industrial Development Bank is located in Karachi, Pakistan
- ▶ National Development Finance Corporation (NDFC) is based Karachi, Pakistan
- ▶ National Development Finance Corporation was established through an Act of Parliament in 1973 to finance public sector industrial enterprises

- ▶ The National Bank of Pakistan has its headquarters in Karachi, Pakistan
- ▶ The Zarai Taraqati Bank Ltd. (ZTBL) formally known as Agricultural Development Bank of Pakistan is a public sector specialized financial institution with its Head Office in Islamabad, Pakistan
- ▶ ZTBL was incorporated as a public limited company on 14 December 2002 through repeal of ADB Ordinance of 1961
- ▶ Expenditures greater than incomes of a non-profit organization give rise to a Deficit
- ▶ Rent expense of a non-profit organization paid in advance. Which of the following is the correct classification of rent? Asset
- ▶ An advance receipt of subscription from a member of the non-profit organization is considered as a/an liability
- ▶ Income and expenditure account is based on accrual accounting
- ▶ Which of the following is regarded as apt to show the purchase of a fixed asset? Balance sheet
- ▶ If the book value of an asset stands at ten per cent of the original cost, a company need not provide depreciation on it.
- ▶ Which of the following is to be recorded in an income and expenditure account? Profit on the sale of a fixed asset
- ▶ Honorarium is a kind of remuneration paid to a person who is not the employee of a non-profit organization. Which of the following statements is true about the honorarium payment? It's a revenue expenditure
- ▶ Depreciation does not arise from obsolescence through technology or market changes
- ▶ Appropriation or re-appropriation is operative only for the financial year for which it is made.
- ▶ When an intimation is received from an officer of the Public Works Department that he is incurring an unauthorized liability on a work, the Accounts Officer will bring the facts instantly to the notice of the competent authority so that the requisite steps may be taken either to stop the work or to regularize its execution.
- ▶ A grant or supplementary grant may be in respect of expenditure falling under one or more major heads or sections of a major head. For purposes of financial control, the grant allotted to each major head of account is divided into primary units of appropriation.
- ▶ The first division of Govt. accounts shall comprise the section Receipt heads (Revenue Account) dealing with the proceeds of taxation and other receipts classed as revenue, and the Section "Expenditure heads (Revenue Account)" dealing with expenditure met there from.
- ▶ The Section "Receipt heads (Capital Account)" which deals with receipts of a Capital nature which cannot be applied as a set off to Capital Expenditure.
- ▶ "Expenditure heads (Capital Account)" which deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent character. It also includes receipts of a Capital nature intended to be applied as a set off to Capital expenditure.
- ▶ Which account is used for transactions concerned with head office supplying resources to the branch? Current account
- ▶ When conversions due to exchange rates leads to disagreement on the trial balance then, which account should be opened? Difference on exchange account

- ▶ The rules for how to deal with currency accounts are set out in which accounting standard? SSAP 20
- ▶ The rules for how to deal with leases and hire purchase contracts is dealt with in which accounting standard? SSAP 21
- ▶ If the firm stops making repayments and the goods or assets are taken away from them as a result, this is known as repossession
- ▶ On the balance sheet of a company, the value of the asset bought through hire purchase will appear as cost less depreciation to date
- ▶ When making repayments on a lease, the profit and loss account will contain which items relevant to the lease? Interest only
- ▶ According to the relevant accounting standard, when assets are bought by foreign branches on different dates how should we account for changes in the exchange rates on those dates? The rates on the dates of purchase should be used for each asset bought
- ▶ The depreciation on an asset purchased through hire purchase should be? Based on the cost price of the asset only
- ▶ The profit on interest charged on the hire purchase should appear in the profit and loss account in what manner? The interest charged in that period only should be included
- ▶ When does the asset legally belong to the purchaser under a hire purchase agreement? Final instalment is paid and purchaser agrees to a legal option to buy the asset
- ▶ How should current asset and current liabilities of foreign branches be valued? Using the exchange rate at the date of the trial balance
- ▶ Opening stock, according to SSAP 20, should be valued at which of the following exchange rates? The rate as at the previous balance sheet date
- ▶ Which of the following SSAPs was introduced to deal with accounting for leases and hire purchase contracts? SSAP 21
- ▶ A company has bought patents. Which of the following methods is most suitable for providing depreciation on them? SLM
- ▶ Supplementary and excess grants.-If in respect of any financial year it is found that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year
- ▶ When examining for deficiencies of stock, a firm would not make allowances for changes in market conditions
- ▶ The act of buying an asset without having to make full payment in the immediate future is known as? Hire purchase
- ▶ In branch accounting, if the head office maintains all the accounts then the accounts are used for three main purposes.
- ▶ Appropriation or re-appropriation represents the allotment of a particular sum of money to meet expenditure on a specified job as enunciated in the Detailed Demands for Grants
- ▶ Valuing current assets and current liabilities at the exchange rate ruling on the date of the trial balance is known as which of the following? Closing method
- ▶ The taking of goods away from customers who fail to keep up with hire purchase payments is known as what? Repossession

- ▶ The valuation method, as outlined in SSAP 20, implies that fixed assets should be valued using the temporal method
- ▶ A change in the exchange rate of two currencies may not be known as amortization
- ▶ Which is a revenue reserve? Debenture redemption reserve
- ▶ What is the old name of FBR? CBR
- ▶ FBR stands for Federal Board of Revenue
- ▶ CBR stands for Central Board of Revenue
- ▶ The Central Board of Revenue (CBR) was created on 1st April, 1924
- ▶ When a full-fledged Revenue Division was created under the Ministry of Finance in Indian subcontinent? In 1944
- ▶ When on the recommendations of the Administrative Re-organization Committee, FBR was made an attached department of the Ministry of Finance? 31st August 1960
- ▶ When the post of Chairman FBR was created with the status of ex-officio Additional Secretary and Secretary Finance was relieved of his duties as ex-officio Chairman of the FBR? In 1974
- ▶ In order to remove impediments in the exercise of administrative powers of a Secretary to the Government and effective formulation and implementation of fiscal policy measures, the status of FBR as a Revenue Division was restored under the Ministry of Finance on October 22, 1991
- ▶ The Revenue Division was abolished in January 1995 and FBR reverted back to the pre-1991 position. The
- ▶ Revenue Division continues to exist since from December 01, 1998
- ▶ By the enactment of FBR Act 2007, the Central Board of Revenue has now become Federal Board of Revenue
- ▶ When the name of Central Board of Revenue was changed as Federal Board of Revenue? July 2007
- ▶ Chairman's responsibilities also involve interaction with the offices of the President, the Prime Minister, all economic Ministries as well as trade and industry.
- ▶ Name of Central Board of Revenue was changed as Federal Board of Revenue in July 2007, who was the chairman of CBR at that time? Mr. M. Abdullah Yusuf
- ▶ Who was Finance Secretary / Ex-Officio Chairman of CBR at the time of creation of Pakistan? Sir Victor Turner
- ▶ In order to take the spirit of tax reform forward and with a view to assist the field formations to increase the taxable, the existing Director General of Broadening of tax Base FBR is renamed as Director General, Directorate of Intelligence & Investigation, Inland Revenue on 25th March, 2011
- ▶ Which member has a power to transfer/posting of officers (BS-17 and above) of Inland Revenue and Customs in consultation with the concerned Line Members and with the approval of the Chairman? Member (Administration)
- ▶ Which member has a power to transfer/Posting of Commissioners (Appeal) and Collectors (Appeal) in consultation with Member (Legal)? Member (Administration)
- ▶ Which member Deal with promotion/disciplinary/ litigation cases of FBR employees? Member (Administration)
- ▶ Which member manages record of FBR employees and HRIS? Member (Administration)

- ▶ Domestic Taxes, comprising Income Tax, Sales Tax and Federal Excise Duty, constitute about 90% of the Revenue collected by FBR.
- ▶ It is expected that the inception of Inland Revenue Wing of FBR would facilitate the taxpayers, as it would provide them to carry through their tax matters in one organizational structure.
- ▶ The creation of Inland Revenue Wing of FBR would also be conducive for the tax administration, as the access to the taxpayer's data in respect of different domestic taxes would be easily available.
- ▶ Taxation according to a person's ability to pay is universally accepted principle, and income is considered a satisfactory though not a sufficient index of such ability to pay is known as income Tax
- ▶ Income Tax is, therefore, generally recognized as a highly equitable form of taxation.
- ▶ Income Tax levied on income can normally be shifted to others and thus its incidence is on those for whom it is intended.
- ▶ Since Income Tax is progressive in nature, it tends to reduce economic disparity. Tax rates and method of calculating taxable income varies with fiscal status of the tax payer.
- ▶ It is payable by individuals, firms and companies which acquire an asset by purchase or a right to use for more than 20 years? Capital Value Tax
- ▶ Which tax is levied through section 12 of the Finance Act, 1991. This is one time levy payable by a company as defined in Companies Ordinance, 1984, on the value of fixed assets held by the company on the "specified date"? Corporate Asset Tax
- ▶ Withholding Tax Regime is a global phenomenon and in Pakistan the major source of the Federal revenue collected on national level.
- ▶ In recent years, globalization has forced many countries to alter their economies to harmonize tax policies and alignment thereof with new trade and investment policies embodied in Free trade agreements
- ▶ The concept of "Hang Together" is more relevant today than ever before.
- ▶ Countries can neither close their borders nor their economies.
- ▶ Tax policies cannot be isolated from the international economies either.
- ▶ Withholding is an act of deduction or collection of tax at source, which has generally been in the nature of an advance tax payment
- ▶ Which tax's contribution is about 41 percent of total direct tax revenues? Sales Tax
- ▶ Under the repealed Income Tax Act, 1922, tax was deducted from two main sources of income; namely? Salaries and interest on securities
- ▶ Over the period of time, Withholding Tax net was extended, by steadily introducing different Provisions in the Tax Laws in Pakistan.
- ▶ Sales Tax Act of 1990 also provides for mechanism of Withholding.
- ▶ Special procedure under the title of Sales Tax special procedure (Withholding Tax) Rules 2007 was introduced on 30th June 2007
- ▶ Though within the Sales Tax structure share of Withholding Tax is quite minor and its scope is limited only to 5 types of Withholding Agents.
- ▶ Sales Tax was a Provincial subject at the time of partition.
- ▶ Sales tax was declared a federal subject in 1948 through the enactment of General Sales Tax Act,
- ▶ When Sales tax levy was transferred permanently to the Central Government? 1952

- ▶ Sales tax was levied at the standard rate of 6 pies per rupee at every stage whenever a sale was effected. The trading community protested against this system, and this resulted in the enactment of Sales Tax Act 1951.
- ▶ The sales tax, was collected under the Finance Ordinance, 1956, on goods which were chargeable to Central Excise Duty, as if it were a duty of Central Excise.
- ▶ If government increases taxes, private savings? Decrease
- ▶ Corporate tax is levied on? Big companies
- ▶ If we deduct direct tax from personal income, we get? Disposable income
- ▶ The largest part of national income is? Consumption
- ▶ Transfer payments means? The payment without work
- ▶ Direct taxes are not included in DPI
- ▶ National Expenditure = National income
- ▶ NI = NNP - indirect taxes
- ▶ There are methods of measuring national income? 3
- ▶ If we compare GDP and GNP, then  $GNP = GDP + \text{income from abroad}$
- ▶ It is deducted from GNP to get NNP? Depreciation
- ▶ Depreciation allowance is a part of GNP
- ▶ Traffic fines are included in PI but not in Disposable PI
- ▶ A country is poor if it has less GNP per capita
- ▶ Pension is transfer payment
- ▶ It is considered as investment in national accounting construction of a house
- ▶ GNP is always greater than NNP
- ▶ A closed economy is best described as one in which no international trade
- ▶ In economics, one or more persons living in a joint family are called a household
- ▶ The largest type of income in the Pakistan is? Compensation of employees
- ▶ An open economy? Is that interacts with other economies
- ▶ Which of the following is transfer payment? Payment for social security
- ▶ If government increases taxes, private savings? Decrease
- ▶ Corporate tax is levied on Joint stock companies
- ▶ If we deduct direct taxes from personal income, we get disposable income
- ▶ The largest part of national income goes to consumption
- ▶  $NNP = GNP - \text{Depreciation}$
- ▶ Transfer payments means the payment without work
- ▶ Double taxation has been eliminated by allowing adjustment of the excise duty paid on the input goods used directly in the manufacture of excisable goods.
- ▶ As part of budgetary measures for the year 2007-08, Special Federal Excise duty at 1% has been levied on goods which are manufactured or are imported in Pakistan.
- ▶ A tariff is tax and imports
- ▶ This step will increase saving in Pakistan? decrease in taxes
- ▶ Which of the following is a withdrawal from the circular flow of income stream? Taxation
- ▶ Taxes are levied to provide general benefits for the people

- ▶ Whom of the following propounded principles of taxation? Adam Smith
- ▶ Taxes on commodities are indirect taxes
- ▶ Govt. prepares its budget? Annually
- ▶ Income tax is direct tax:
- ▶ The most important source of income of a government is taxes
- ▶ These are principles of taxation? Principle of equality & Principle of certainty
- ▶ In Pakistan, taxes are levied by National assembly.
- ▶ Which of the following tax is best example of ability to pay principle of taxes? Personal income tax
- ▶ Govt. taxing and spending policies are called fiscal policy
- ▶ Govt. budget is balanced when government expenditure equals tax revenue
- ▶ Government finance is called Public finance
- ▶ How the government can meet its expenditure by all the three methods
- ▶ A direct tax is that which is paid by the person on whom it is levied
- ▶ In Pakistan government budget is prepared by? Ministry of Finance
- ▶ Which tax better conforms to the principle of equality in taxation? Progressive tax
- ▶ Principle of morality is not a principle of taxation
- ▶ A country has proportional system of taxation. A person pays Rs 500 tax when his income is 5000, how much tax he will pay if his earning rises to 8000:800
- ▶ Which source a private company cannot use? Deficit finance (new money)
- ▶ Net taxes are total taxes minus govt. transfer payments
- ▶ Investment spending by public companies is not counted as public expenditure
- ▶ If Income tax is assessed as Rs. 100 on an income of Rs. 1000. Compared to this, which one of the following indicates that the income tax rate is progressive? Rs. 350 tax on Rs. 3000 income
- ▶ The most important source of income of a government is Taxes
- ▶ Progressive taxes increase government revenue? Bring equality in distribution of incomes
- ▶ Principle of economy is principle of taxation
- ▶ In Pakistan, the authority to levy taxes lies with? National assembly
- ▶ This tax is a good example of ability to pay principle of taxes? Personal income tax
- ▶ Govt. taxing and spending policy is called? Fiscal policy
- ▶ Govt. budget is balanced when Government expenditure equals tax revenue
- ▶ The government can meet its expenditure by all the three methods
- ▶ Mansoor Software Co imported computers and paid import tax. Burden of tax will be on last buyer
- ▶ If a person who is tax-payer can shift the burden of tax to someone else, the tax is called indirect tax
- ▶ To bring equitable distribution of income in the country taxes should be progressive
- ▶ It is better way to finance the govt. budget by taxing people
- ▶ Income tax in Pakistan is direct and progressive
- ▶ In Pakistan, income tax is collected by federal govt.
- ▶ Sales tax in Pakistan is indirect and proportional

- ▶ It is easy and convenient to pay? indirect tax
- ▶ It is difficult to evade direct tax
- ▶ Zakat is not due on the gold owned by a person who has less than 7.5 tolas
- ▶ Zakat can be spent for this purpose? Payment of fee of a poor child
- ▶ It is a source of revenue for the Local Government bodies? Property tax
- ▶ Federal government transfers to provinces as their share in tax collection? More than 40% but less than 60%
- ▶ Which tax is not shared between central and provincial governments? Property tax
- ▶ Which is provincial tax in Pakistan? Motors token tax
- ▶ Tax is a payment? Compulsory
- ▶ The main source of revenue of federal government is? Sales tax
- ▶ The budget estimate prepared by ministry of finance is finally approved by? National Assembly
- ▶ To control inflation the government should increase? Income tax
- ▶ In past decade Pakistan increased its GDP, yet living standard of majority has not risen. The most important cause of this situation is? Increased population
- ▶ Which of the following would cause incomes to become more unequal? More regressive taxes
- ▶ What is the benefit of tariffs? Increased government revenue
- ▶ Pakistan's public debt is? Smaller than GNP
- ▶ Pakistan's fiscal year starts from 1st July
- ▶ The Federal budget is presented in the parliament by Finance minister
- ▶ Federal government tax revenue collection includes Divisible taxes with provinces
- ▶ Federal govt. collects taxes and shares with provinces
- ▶ The most important body to collect taxes in Pakistan is? FBR
- ▶ According to total amount collected the taxes fall in this order Sales, custom, excise
- ▶ Which is true about amount of taxes collected in Pakistan? Indirect taxes are more than direct taxes
- ▶ Rate of General Sales Tax (GST) is More than 10% but less than 20%
- ▶ The Income Tax Ordinance, 2001 extends to the whole of Pakistan
- ▶ Pakistan's expenditure on defence is more than 35% but less than 45%
- ▶ Identify the aspect of taxation which is related to normative economics? Equity of tax
- ▶ Gross profit does NOT include taxes
- ▶ Which one of the following is an example of indirect tax? Sales tax
- ▶ The incidence of tax refers to one who bears the ultimate money burden of the tax
- ▶ Advance payment of tax should be shown on the assets side of a balance sheet
- ▶ Identify the author of "The Principles of Political Economy and Taxation"? David Ricardo
- ▶ Who in particular advocated the long term capital gains tax? N. Kaldor
- ▶ Personal disposable income is Equal to personal income minus direct taxes paid by household
- ▶ While estimating personal income from national income, which of the following items need to be deducted? Direct Taxes paid by households

- ▶ Which of the following accounts for the difference between net domestic product at market prices and national income? Net factor income from abroad minus indirect taxes
- ▶ Transfer receipts of the Government include direct and indirect taxes
- ▶ Personal disposable income excludes direct taxes paid by households
- ▶ Gross domestic product differs from net domestic product by the amount of consumption of fixed capital
- ▶ Devaluation means decrease in the value of money in terms of foreign currency
- ▶ What is the main function of money? To serve as a medium of exchange
- ▶ In April 1981, by virtue of an amendment in the Sales Tax act, 1951, the collection of Sales Tax on non-excisable goods was also entrusted to the Central Excise Department.
- ▶ In the late eighties the government decided to replace Sales Tax with the Value Added Tax in the country as a part of its structural adjustment program which was undertaken to correct anomalies & distortions both in our tax & non-tax regimes.
- ▶ There is no Sales Tax on the goods which are specified in 6th Schedule to The Sales Tax Act, 1990.
- ▶ The rate for sales tax is 16% of value of supplies. However, there are some items which are chargeable to sales tax at 18.5% or 21% of value of supplies
- ▶ As per law each registered person must file a return by the 15th of each month regarding the sales made in the last month.
- ▶ All registered persons are required to file returns electronically and in such cases the payment is to be made by the 15th and return can be submitted on FBR's e-portal by 18th
- ▶ Which country has the lowest tax-to-GDP ratios in South Asia? Pakistan
- ▶ Devolution of tax collection and its monitoring by multiple bodies to ensure honesty and professionalism is also recommended to make tax collection system in Pakistan more efficient.
- ▶ Tax payment should be convenient and simple, for this online payment of tax is recommended alongside promoting use of eTax
- ▶ System of eTax in Pakistan was introduced in 2008
- ▶ Federal taxes are imposed in Pakistan through the 4th Schedule of the Federal Legislative List of the Constitution of Pakistan.
- ▶ Major federal taxes in Pakistan include Income taxes, Sales taxes, Custom duties and Excise duties
- ▶ Which of the followings tax is Direct Tax? Income Tax
- ▶ Which of the followings tax is indirect Tax? Sales Tax, Custom Duties & Excise Duties
- ▶ Income Tax is levied in Pakistan under the Income tax Ordinance 2001
- ▶ Sales Tax is levied in Pakistan under the Sales Tax Act 1990
- ▶ Custom Duties is levied in Pakistan under the Customs Act 1969
- ▶ Excise Duties is levied in Pakistan levied under the Federal Excise Act 2005
- ▶ For a developing country like Pakistan to successfully meet its recurring obligations and invest in development, it should ideally have a tax to GDP ratio of around 20%
- ▶ The slow growth in collection of taxes in Pakistan suggests extensive tax reforms to be undertaken in tax policy and tax administration

- ▶ The Government of Pakistan in the final report of National Taxation Reform Commission suggests tax aversion as one of the major source of leakage in system due to vague policy and weak implementation. This report was published in 1986
- ▶ In Pakistan we are heavily reliant on in-direct taxes like General Sales Tax (GST) which is easy to manipulate and should be reformed to a Value Added Tax (VAT) which has been successful in similar developing countries.
- ▶ How much percentage of Pakistan working community which is registered as taxpayers? 1%
- ▶ Out of a total work force of 58 million less than 2 million are registered taxpayers and last year only 0.7 million people actually paid income tax.
- ▶ When the Government Pakistan finds it difficult to collect direct taxes like income tax than it resorts to rely on the easy way out of in-direct taxes.
- ▶ Tax is the major source of income for any country to funds its development.
- ▶ Which of the followings taxes are considered as progressive? Direct taxes
- ▶ Which of the followings taxes are considered as regressive? Indirect taxes
- ▶ Consecutive governments in Pakistan have failed to increase tax to GDP ratio and effectively develop measuring mechanism to gauge income Tax.
- ▶ For the fiscal year 2012-2013 FBR was not able to meet its target and achieved only 3 percent increase in their tax collection.
- ▶ The single largest contributor of direct taxation in Pakistan is Income Tax
- ▶ Of the three major in-direct taxes applied by the Federation, the largest contributor is Sales Tax
- ▶ VAT stands for Value added tax
- ▶ RGST stands for Reformed General Sales Tax
- ▶ VAT will ensure that the tax is applied at input and output rather than just taxing the output in the case of General Sales Tax.
- ▶ The corporate income tax rate is 35% for Pakistan which is on a higher side when compared to other emerging economies of the world especially SAARC countries.
- ▶ It is proposed to revise the rate of 35% to 25%, the reduction in tax rate will encourage corporatization, a concept Pakistan is far behind its neighboring India and will motivate business to expand.
- ▶ The failure of individuals or entities to comply with their tax obligations deliberately is called? Tax evasion
- ▶ According to a 2008 study of State Bank of Pakistan curbing tax evasion in Pakistan would lead to the generation of revenue equivalent to 2.5% of GDP
- ▶ The exemptions now amount to Rs 477.1bn nearly 2pc of the country's gross domestic product (GDP) in fiscal year 2013-14- compared to Rs239.535bn in the last year, an increase of Rs237.57bn
- ▶ How much amount was lost due to exemption in Income tax in 2013-14? Rs96.634bn
- ▶ Sales tax exemptions and Custom tax exemptions have increased by Rs211.564bn and Rs131.451bn, respectively. These exemptions have decreased the revenue by Rs.200bn and the tax to GDP ratio to 8.5 percent
- ▶ Major loss of the tax revenue is incurred due to the inadequately structured tax exemption parameters.

- ▶ NTN stands for National Tax Number
- ▶ Based on the pressure through the external aid providers e.g. IMF & World Bank the government needs to make major structural changes in the SRO regime in the form of diminishing the rate of tax rebates.
- ▶ The Ministry of Finance should discourage the practice of issuing SROs immediately because the practice is extremely detrimental to the fiscal development in Pakistan.
- ▶ The issuance of an SRO should be followed by the submission of a report on the probable implications of the SRO on tax collection and motives of extending it in the first place to the Standing Committee on Finance, Revenue, Economic Affairs, Statistics and Privatization National Assembly and Senate by the Ministry of Finance
- ▶ The submission must be made within a period of 15 days from the issuance date of the SRO.
- ▶ The issued SRO must be time bound and the time period of its effectiveness must be stipulated clearly on the issued SRO. No SRO under any conditions would be effective for a period of more than 90 days
- ▶ In case, government wants to extend the period it must get a prior approval from both the Standing Committees of National Assembly and Senate. The approval will be extended by a majority of members in the committee approving the government's proposition. All the existing SROs will automatically become ineffective within 6 months of the Implementation of this new policy.
- ▶ The Federal Board of Revenue (FBR) launched its e-portal for online filing of tax returns in 2008
- ▶ SRO stands for Standing Revenue Order
- ▶ Which is the apex Body for collection of Federal Taxes in Pakistan? Federal Board of Revenue (FBR)
- ▶ The Federal Board of Revenue is undertaking the Pakistan Tax Administration Reform Project (TARP) which is being financed by World Bank
- ▶ Present Environmental Management Plan (EMP) has been prepared, in accordance with the safeguard policies of World Bank
- ▶ Taxes affect citizens, economy of the country, businesses and governance mechanisms.
- ▶ Not only revenue mobilization, an effective system of taxation helps in formalizing the economy, encourages economic growth, shapes political cohesion between tiers of the Government, and results in increase in social sector service delivery.
- ▶ Fairness means that the tax should be equitable— i.e. it should apply to everyone and must not distinguish between different taxpayers
- ▶ Tax system should be Adequate i.e. taxes must provide enough revenue to meet the basic needs of society.
- ▶ Tax system should be Transparent which means that taxpayers and leaders can easily find information about the tax system and how tax money is used
- ▶ Administrative ease means that the tax system is not too complicated or costly for either taxpayers or tax collectors. Rules are well known and fairly simple, forms are not too complicated, It is easy to comply voluntarily.
- ▶ The tax base is currently narrow, there is limited capacity of the state to extract taxes, Informal economy has grown, compliance ratios are reducing, and there is a need to improve tax administration.

- ▶ The general perception is that the Government is a burden on low-income residents. Low-income residents pay withholding taxes, and Sales tax that consumes a larger portion of their incomes.
- ▶ Agriculture sector that contributes 21 percent in GDP, contributes less than 1 percent in taxes.
- ▶ Manufacturing sector, that has a share of 13 percent in GDP, contributes around 52 percent in taxes.
- ▶ Services sector that contributes to 58 percent in GDP, contributes to 37 percent in taxes.
- ▶ Pakistan falls in the league of countries with high tax rates like the corporate tax of 34 percent is amongst the highest in the World.
- ▶ Around 750 thousand paid income tax in 2010 in a country with a total population of over 180 million people
- ▶ The total revenue (tax and non-tax revenue) is around 13 percent of GDP, which is lowest amongst emerging economies.
- ▶ All registered persons are required to maintain records at their business premises of the goods purchased and supplied made by them. All the records are required to be kept for a period of 5 years
- ▶ In cases where the Input Tax exceeds the Output Tax due from the registered person in respect of a tax period because of exports or other zero-rated supplies, the excess amount of input is refunded back to the taxpayer within 45 days
- ▶ The Federal Excise Act, 2005, was promulgated with effect from 1st July, 2005
- ▶ Central Excises Act, 1944 was repealed by the Federal Excise Act, 2005
- ▶ Name of Central Excise Duty has been changed as a Federal Excise Duty on 1st July, 2005
- ▶ The difference over the period of time between actual and applied FOH will usually be minimal when the predetermined overhead rate is based on Normal capacity
- ▶ By using table method where Ordering and carrying cost is equal, that point is called Economic order quantity.
- ▶ A cost unit is the cost per hour of operating a machine
- ▶ Loss by fire is an example of Normal Loss
- ▶ The main purpose of cost accounting is to Provide information to management for decision making
- ▶ Where the applied FOH cost is less than the actual FOH cost it is unfavorable variance
- ▶ When the applied cost is lesser than the actual cost it is unfavorable variance?  $\text{Units sold} = \text{Opening finished goods units} + \text{Units produced} - \text{Closing finished goods units}$
- ▶ Which of the following items of expense are to be add in FOH cost? Rent of factory + factory lighting bill + Factory employees salaries
- ▶ Taking steps for the fresh purchase of those stocks which have been exhausted and for which requisitions are to be honored in future" is an easy explanation of Replenishment of stock
- ▶ Net Income before Interest and tax is also called Operating Income/Profit
- ▶ Which is considered as basic systems of remunerating labor? Both time rate and piece rate system
- ▶  $\text{Net sales} = \text{Sales less? Sales returns \& allowances and sales discounts}$
- ▶ A store ledger card is similar to the Bin card

- ▶ Which of the following element must be taken into account while calculating total earnings of a worker under different incentive wage schemes? Units of production
- ▶ Closing work in process Inventory of last year? Is treated as Opening inventory for current year
- ▶ The FIFO inventory costing method (when using a perpetual inventory system) assumes that the cost of the earliest units purchased is allocated in which of the following ways? First to be allocated to the cost of goods sold
- ▶ While transporting petrol, a little quantity will be evaporated; such kind of loss is termed as? Normal Loss
- ▶ The cost of electricity bill of the factory is treated as? Semi variable cost
- ▶ A cost centre is a unit of product or service in relation to which costs are ascertained
- ▶ Cost accounting department prepares Cost of goods sold statement that helps the in preparing final accounts.
- ▶ When FOH is under applied and charged to Net profit, the treatment would be? Under applied Add net profit
- ▶ Weighted average cost per unit is calculated by which of the following formula? Total cost/total units
- ▶ A standard rate is paid to the employee when he completed his job? In standard time
- ▶ Store incharge after receiving the material as per the goods received note, places the material at its location and makes an entry in Bin Card.
- ▶ All Indirect cost is charged/record in the head of FOH cost
- ▶ The FIFO inventory costing method (when using a perpetual inventory system) assumes that the cost of the earliest units purchased is allocated in which of the following ways? First to be allocated to the cost of goods sold
- ▶ The danger Level can be calculated? Average consumption x Lead time to get urgent supplies
- ▶ Which of the following is considered as basic systems of remunerating labor? Both time rate and piece rate system
- ▶ Which of the following is sales force payroll incentive? Commission
- ▶ Which cannot be used as a base for the determination of overhead absorption rate? Discount Allowed
- ▶ Cost accounting concepts include all of the following? Planning, Controlling & Costing
- ▶ Relevant Cost are future costs that effect the current management decision.
- ▶ Which of the following costs is part of the prime cost for manufacturing company? Cost of transporting raw materials from the suppliers premises
- ▶ Direct material opening inventory add net purchases is called Material available for use
- ▶ A Blanket Rate is a single rate which used throughout the organization departments
- ▶ A standard rate is paid to the employee when he completed his job? In standard time
- ▶ While deducting Income Tax from the gross pay of the employee, the employer acts as a (an) Paid tax collection agent for Income Tax Department.
- ▶ Which of the following best describes the manufacturing costs? Direct materials, direct labor and factory overhead

- ▶ Manufacturing entities classified the inventory in which of three kinds? Material inventory, purchased good inventory, Finished goods inventory
- ▶ Correct for maximum level? Reorder level – (Minimum consumption x Lead time) + EOQ
- ▶ Inventory turnover ratio can be calculated as? Cost of goods sold/Average inventory
- ▶ Which of the following is an example of Statutory deductions? Deduction as Income Tax
- ▶ The component of Factory overhead are as follow? Indirect material + Indirect labor + Others indirect cost
- ▶ Which of the following best describes the manufacturing costs? Direct materials, direct labor and factory overhead
- ▶ Overtime that is necessary in order to fulfill customer orders is called? Unavoidable overtime
- ▶ Where the applied FOH cost is greater than the actual FOH cost it is? Favorable variance
- ▶ The Process of cost apportionment is carried out so that? Common costs are shared among cost centers
- ▶ Taylor's Differential Piece Rate Plan uses Two piece rates.
- ▶ The components of the prime cost are? Direct Material + Direct Labor + Other Direct Cost
- ▶ A cost unit is a measure of work output in a standard hour
- ▶ Increase in material Inventory means the ending inventory is greater than opening inventory
- ▶ Amount of net purchase can be calculated as? Purchase of direct material add trade discount less purchase return add carriage Inward less other material handling cost
- ▶ Which of the following costs is part of the prime cost for manufacturing company? Cost of transporting raw materials from the suppliers premises
- ▶ Reduction of labor turnover, accidents, spoilage, waste and absenteeism are the results of which of the following wage plan? Group bonus system
- ▶ Costs which are constant for a relevant range of activity and rise to new constant level once that range exceeded is called a step cost
- ▶ Cost of goods sold can be calculated as follow? Cost of goods manufactured Add Opening finished goods inventory Less Closing finished goods inventory
- ▶ Which of the following statement measures the financial position of the entity on particular time? Balance Sheet
- ▶ Which of the following best describes piece rate system? The increased volume of production in minimum time
- ▶ Cost of finished goods inventory is calculated by? Multiplying units of finished goods inventory with the cost per unit
- ▶ Closing Finish Goods inventory = Closing finished goods units x cost per unit Period costs are? Related to specific Period
- ▶ What will be the impact of normal loss on the overall per unit cost. Select correct option? Per unit cost will increase
- ▶ Which of the following is true when piece rate system is used for wage determination? worker is paid on the basis of production
- ▶ Alpha company purchased a machine worth Rs 200,000 in the last year. Now that machine can be use in a new project which company has received this year. Now the cost of that machine is to be called? Relevant cost

- ▶ Merrick Differential Piece Rate System? worker is not penalized even if his performance does not exceed 80 per cent of the High Task
- ▶ The wage costs which are incurred in converting materials into finished goods would be known as Direct labour
- ▶ Allocating indirect overheads to the direct cost of production is known as? Absorption costing
- ▶ Which of the following is a reason why a firm would want to implement ABC? It may help make decision making more accurate
- ▶ When costing takes into account only the variable cost and not the full production cost we will be using? Marginal costing
- ▶ Marking up the cost of a product by an amount to represent profit is known as? Full cost pricing
- ▶ An area of a business which collects costs is known as? Cost centre
- ▶ Repairs to factory machinery would be classed as? Factory indirect expenses
- ▶ Contribution can be defined as? Selling price less variable costs
- ▶ A collection of individual costs within a single heading is known as? Cost pool
- ▶ The total of all direct costs of production is also known as? Prime cost
- ▶ If a firm experiences underabsorption of overhead the closing stock should be adjusted. In which way? No adjustment to be made
- ▶ The best way to allocate overheads is by using a suitable basis. There is no standard basis for overheads
- ▶ Raw materials are not easily identifiable to the goods being made would be known as? Indirect overheads
- ▶ Wages for staff maintaining machines in factory would be classed as? Factory indirect expenses
- ▶ Sales staff salaries would be classed as? Selling and distribution expenses
- ▶ A minor product produced at the same time as the main product may be known as a? By product
- ▶ When deciding to accept a special order at below the normal selling price a firm would consider which cost? Marginal cost
- ▶ Which of the following would not normally be included in the prime cost of production? Salaries
- ▶ Which of the following costs has no relationship with the level of output? Fixed costs
- ▶ Depreciation of machinery would be classed as factory indirect expenses
- ▶ Adding indirect production expenditure to the prime cost of production gives the full cost of production as full costing
- ▶ The prime cost is the cost of the materials and labour used in the production of a product

- ▶ If the standard cost is higher than the actual cost then the difference would be known as Favourable
- ▶ The correct formula for the labour efficiency variance is Standard hours less actual hours multiplied by standard wage
- ▶ The formula for the materials price variance is Standard price less actual price multiplied by actual quantity
- ▶ A favourable labour variance combined with an adverse wage rate variance could be caused by? Introduction of performance related pay
- ▶ Concentrating on things that are deviating from planned results only is known as? Management by exception
- ▶ An estimate of what costs should be is known as? Standard cost
- ▶ If there is a favourable materials price variance then this could be due to? Inferior quality materials being used
- ▶ Workers being paid a rate in excess of their wage rate for working additional hours are paid? Overtime
- ▶ A favourable total sales variance could have been the result of? A price cut leading to a proportionality higher increase in sales volume
- ▶ What standard is based upon the assumption that everything operates at the maximum level of efficiency? Ideal standard
- ▶ An adverse labour efficiency variance may have been caused by? Machinery downtime
- ▶ A favourable labour efficiency variance is likely to have been caused by? higher wages producing motivational benefits.
- ▶ Which of the following could have caused an adverse total labour variance? Higher wage rates leader to an insignificant change in productivity
- ▶ Which is normally associated with an adverse sales variance? A slight upwards change in demand following a major price reduction.
- ▶ The auditor should comply with the following Code of Ethics for Professional Accountants issued by the International Federation of Accountants? Confidentiality, Tax Practice & Activities outside Pakistan
- ▶ The general definition of an Audits is an evaluation of a person, organization, system, process, enterprise, project or product.
- ▶ Audits is a vital part of accounting
- ▶ In financial accounting an audit is an independent assessment of the fairness by which a company's financial statements are presented by its management. It is performed by competent, independent and objective person(s) known as auditors or accountants, who then issue an auditor's report based on the results of the audit.
- ▶ Audits must adhere to generally accepted standards established by governing bodies. These standards assure third parties or external users that they can rely upon the auditor's opinion on the fairness of financial statements, or other subjects on which the auditor expresses an opinion.
- ▶ " Auditing is the independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon."
- ▶ Such an audit is called a integrated audit where auditors, in addition to an opinion on the financial statements, must also express an opinion on the effectiveness of a company's internal control over financial reporting

- ▶ The purpose of an assessment is to measure something or calculate a value for it. Although the process producing an assessment may involve an audit by an independent professional, its purpose is to provide a measurement rather than to express an opinion about the fairness of statements or quality of performance.
- ▶ As a general rule, Audits should always be an independent evaluation that will include some degree of quantitative and qualitative analysis whereas an assessment infers a less independent and more consultative approach.
- ▶ Auditors of financial statements can be classified into Two categories
- ▶ Internal auditors are employed by the organization they audit
- ▶ The most used Internal Audit standards are those of the Institute of Internal auditors
- ▶ Consultant auditors are used when the firm lacks sufficient expertise to audit certain areas, or simply for staff augmentation when staff are not available.
- ▶ Consultant auditors are external personnel contracted by the firm to perform an audit following the firm's auditing standards.
- ▶ Quality auditors may be consultants or employed by the organization.
- ▶ During audit of the financial statements, the auditors are concerned with the verification and determination of which one of the following items? Date, accuracy, and reliability
- ▶ Which one of the following authorities shall fix the remuneration of the auditors, if auditors are appointed by the SECP? (Companies Ordinance, 1984)? Directors
- ▶ The phrase (Scope of an Audit) refers to which one of the followings? Audit procedures
- ▶ The factors that affect reasonable assurance? Persuasive nature of audit evidence
- ▶ An auditor's flow chart of an entity's information system is a diagrammatic representation. It depicts what kind of information? Documentation of the study and evaluation of the system
- ▶ The audit which is a review of any part of an entity's operating procedures and methods is known as? Operational audits
- ▶ Which one of the following is the source document for staff salaries? Approved payrolls
- ▶ Analytical procedures used in planning an audit should focus on identifying which one of the followings? The predictability of financial data from individual transactions
- ▶ Which one of the following meetings is considered as a 'meeting of directors or management? Board meeting
- ▶ An office, authority, body, company, corporation or any other entity subject to audit is called Audit entity
- ▶ A memorandum or letter issued during the course of audit for eliciting information, confirmation of facts or any other matter considered necessary by the Audit Officer conducting the audit? Audit memorandum
- ▶ A note issued by an Audit office containing the result of audit with respect to data, information or documents available in an Audit or Accounts office? Audit note
- ▶ Balance sheet audit includes verification of Assets & Liabilities
- ▶ Which of the following statements is not true about continuous audit? It is needed when the organization has a good internal control system

- ▶ Which of the following is not a fact of EPA? Expenditure audit
- ▶ Financial auditor is not concerned with propriety of business transactions. However, the exceptions to this rule are contained for audit of limited companies in Section 227 (IA) and CARO, 2003
- ▶ Circumstances that leave a person uncertain but not altogether unsure about what he or she is doing is a feature of Mitigating factors
- ▶ Who is the world's largest retailer? Wal-Mart
- ▶ Which of the following stands for capitalist Justice? Benefits should be distributed according to the value of the contribution the individual makes to a society
- ▶ Moral reasoning does not involve factual or descriptive judgments
- ▶ The type with which one looks only at moral rules or actions of a particular type is known as? Rule utilitarianism
- ▶ Which is a financing activity on a typical statement of cash flows? change in long-term debt
- ▶ All else equal, return on equity will increase if the return on assets increases.
- ▶ Total asset turnover is one component of the Du Pont identity.
- ▶ Which one of the following is frequently used as a measure of the cash flow available to meet the financial obligations of a firm? earnings before interest, taxes, and depreciation
- ▶ What does the fixed asset turnover ratio measure? the amount of sales each dollar of fixed assets generates
- ▶ Which one of the following is a financing activity on a typical statement of cash flows? dividends paid
- ▶ The profit margin appears on a common-size income statement.
- ▶ Vendors providing trade credit to a firm tend to be most interested in the firm's liquidity ratios.
- ▶ When you buy inventory with cash, the quick ratio decreases.
- ▶ When a firm makes decisions regarding its investment in inventory and accounts receivable it is making a working capital decision.
- ▶ The financial requirements portion of a firm's financial plan contains the firm's dividend and debt policies:-
- ▶ If your firm is currently operating at full capacity and you expect strong sales growth over the next few years, you should forecast the external financing needed for the period.
- ▶ Which one of the following statements regarding financial planning is accurate? Financial planning allows a firm to plan for the future in a systematic fashion.
- ▶ When a firm determines it has too little liquidity due to over investment in inventory, it is making a working capital decision:-
- ▶ Sales growth will typically lead to growth in current assets
- ▶ To reduce the amount of external financing needed, a firm may need to lower its rate of growth.
- ▶ All else equal, the level of external financing need (EFN) increases with increases in the capital intensity ratio
- ▶ All else equal, a firm's capital intensity ratio will increase if sales decrease.
- ▶ When a firm chooses to buy new fixed assets it is making a capital budgeting decision.
- ▶ Which one of the following is most directly related to the computation of the sustainable growth rate? profit margin

- ▶ Assume a firm is currently operating at less than full capacity. Which one of the following would be LEAST likely to vary directly with sales? notes payable
- ▶ The percentage of sales approach to financial planning requires separating accounts into those that vary with sales and those that do not.
- ▶ A financial plan can be a means of reconciling the planned activities of different groups within a firm.
- ▶ Based on your current financial plan, it is unlikely that your production level will be able to meet your sales demands over the planning horizon. This suggests a need to make changes in your? capital budgeting policy.
- ▶ Choices by a firm regarding the level of investment in fixed assets are capital budgeting decisions:-
- ▶ If you expect strong sales growth over the next few years, you should most likely expect that assets will also grow.
- ▶ Which one of the following sets of components is needed to compute the sustainable growth rate? net income, total equity, and the dividend payout ratio
- ▶ When doing financial planning, the financing and dividend policies of a firm provide a guide for changes in liabilities and equity:-
- ▶ If we assume for forecasting purposes that a firm's fixed assets will increase directly with sales, we are effectively assuming the firm? has no unused capacity in its fixed assets
- ▶ The "plug" figure in a financial plan represents? the external financing needed to support the financial plan.
- ▶ An increase in a firm's capital intensity ratio implies a decrease in how efficiently it uses its assets to generate sales.
- ▶ Which one of the following sets of components is needed to compute the internal growth rate? total assets, net income, and the retention ratio
- ▶ Financial planning helps investigate the linkages between goals and the different aspects of a firm's business.
- ▶ All else equal, sustainable growth will decrease with increases in total equity
- ▶ Which one of the following is generally considered as the first dimension of the financial planning process? establish a planning horizon
- ▶ When a firm chooses its target debt to equity ratio, it is making a capital structure decision:-
- ▶ In financial planning, the "plug" figure can best be defined as the sources of external financing needed to make the balance sheet balance.
- ▶ Which one of the following statements is true if costs are a constant percentage of sales? The profit margin will remain constant.
- ▶ Long-term forecasting generally starts with projecting? sales.
- ▶ Which one of the following reveals the amount of assets needed to generate \$1 in sales? capital intensity ratio
- ▶ You want to own equity in a foreign oil company, but no shares of stock are currently being offered for sale. If there are convertible bonds for sale, you could purchase these and then trade them in for shares of stock:-
- ▶ All else constant, the price of a discount bond will rise over the course of a year:-
- ▶ If investors are uncertain that they will be able to sell a corporate bond quickly, the investors will demand a higher yield in the form of an increased? liquidity risk premium

- ▶ Which one of the following is classified as a positive protective covenant? The firm must furnish audited annual financial statements.
- ▶ The real rate of interest component of the term structure of interest rates does not influence the shape of the term structure, rather it affects the overall level of interest rates.
- ▶ The return that measures the percentage change in one's purchasing power is the real return.
- ▶ Assume the required return on a zero-coupon bond will remain constant over the remainder of its life. The market value of the bond will increase each year by an amount equal to the imputed interest for the period.
- ▶ An unsecured bond, for which no specific pledge of property is made, is called a debenture.
- ▶ Which one of the following is a basic component that affects the slope of the term structure of interest rates? inflation premium
- ▶ For a bond, the required rate in the market is equal to the yield-to-maturity.
- ▶ A blanket mortgage pledges all real property owned by the company:-
- ▶ A trust deed is the legal document that describes the mortgage on real property that acts as security on a bond issue:-
- ▶ Returns that have NOT been adjusted for inflation are called nominal returns:-
- ▶ If investors are uncertain that a corporate bond issuer will make all of the bond payments as promised, the investors will demand a higher yield in the form of an increased default risk premium.
- ▶ A bearer bond is issued without record of the purchaser's name.
- ▶ The term structure of interest rates may be downward sloping if the inflation premium decreases with maturity.
- ▶ Covenants are included in the bond indenture to protect bondholders from certain actions by the company.
- ▶ The written agreement between a corporation and its bondholders is called an indenture.
- ▶ You are considering investing in a firm and wish to place a value on the common stock. The dividend on the firm's stock has not changed in the last five years. Absent any information suggesting future changes in the dividend rate, the most appropriate stock valuation model would be the zero growth model:
- ▶ A dealer & specialist maintain an inventory and stand ready to buy and sell at any time.
- ▶ A dealer is an agent who buys and sells securities from inventory.
- ▶ The required return on a share of stock is comprised of a dividend yield and a capital gains yield.
- ▶ A specialist is sometimes referred to as a market maker.
- ▶ The dividend yield on a stock is similar to the current yield on a bond in that? both represent the security's annual income divided by its price.
- ▶ A broker is an agent who arranges security transactions among investors.
- ▶ Consider a project with an initial investment and positive future cash flows. As the discount rate is increased the internal rate of return remains constant while the net present value decreases.
- ▶ From a financial point of view, discounted payback analysis requires the use of a discount rate.

- ▶ Which one of the following decision rules is best for evaluating projects when distant cash flows and the time value of money are to be ignored? payback
- ▶ Which one of the following statements is true concerning discounted payback analysis for projects which have conventional cash flows and for which the discount rate is positive? The discounted payback period will be longer than the regular payback period
- ▶ An investment should be accepted if the net present value is positive.
- ▶ The essence of strategic asset allocation is determining whether a proposed investment or project will generate positive wealth for the owners of the firm once it is in place.
- ▶ An investment's average net income divided by its average book value is called its average accounting return
- ▶ Ranking conflicts can arise between the internal rate of return (IRR) and the net present value (NPV) when projects are mutually exclusive
- ▶ The tax shield approach for computing project operating cash flow explicitly measures the depreciation-related tax benefit associated with an investment.
- ▶ Cash flow is the net amount of cash and cash-equivalents moving into and out of a business.
- ▶ Positive cash flow indicates that a company's liquid assets are increasing, enabling it to settle debts, reinvest in its business, return money to shareholders, pay expenses and provide a buffer against future financial challenges.
- ▶ Negative cash flow indicates that a company's liquid assets are decreasing.
- ▶ A liquid asset is one that can be sold quickly without a significant loss in value.
- ▶ The difference between gross investment and net investment is Depreciation
- ▶ A depreciation of a currency occurs when? The value of the currency falls
- ▶ Which of the following item provides the important function of shielding part of income from taxes? Depreciation
- ▶ The effects of inflation on the price competitiveness of a country's products may be offset by a depreciation of the currency
- ▶ Depreciation decreases capital
- ▶ Which would not lead to an increase in net cash flow? Lower depreciation charge
- ▶ To adjust from Gross National Product to Net National Product? Deduct depreciation
- ▶ In a recession growth is negative
- ▶ Depreciation is not a cash outflow
- ▶ Net National Product equals? Gross National Product minus depreciation
- ▶ The main object of providing depreciation is? To calculate true profit
- ▶ Depreciation arises because of Physical wear and tear
- ▶ Depreciation is a process of Valuation
- ▶ Under the straight line method of providing depreciation it remain constant every year
- ▶ Under the diminishing balance method depreciation it? Decreases every year
- ▶ Under the fixed installment method of providing depreciation - it is calculated on? Original cost
- ▶ Under the diminishing balance method, depreciation is calculated on? book value

- ▶ The amount of depreciation charged on a machinery will be debited to? Depreciation account
- ▶ Loss on sale of plant and machinery should be written off against? Depreciation fund account
- ▶ Loss on sale of machinery will be? Credited to machinery A/c
- ▶ Asset which have a limited useful life are termed as? Depreciation assets
- ▶ Process of becoming out of date or obsolete is termed as? Obsolescence
- ▶ Which of the term is used to write off in reference to tangible fixed assets? Depreciation
- ▶ The economic factors causing depreciation? Obsolescence and inadequacy
- ▶ Profit prior to incorporation is an example of? Capital reserve
- ▶ Total depreciation cannot exceed its? Depreciable value
- ▶ Depreciation value of an asset is equal to? Cost – Scrap value
- ▶ Depreciation does not depend on fluctuations as? Market value of asset
- ▶ Depreciation is a lc
- ▶ The books value of an asset is obtained by deducting depreciation from its cost
- ▶ Depreciation fund method is also known as sinking fund method
- ▶ The method is specially suited to natural resources (mines, quarries, sand, pits etc.) is said to be depletion method
- ▶ Double – declining method is often used in the U.S.A
- ▶ In the provision method of depreciation the asset always appears at? Cost price
- ▶ Depreciation Expense reflects an allocation of an asset's original cost rather than an allocation based on the economic value that is being consumed.
- ▶ What is depreciation? Portion of a fixed asset's cost consumed during the current accounting period
- ▶ Under which depreciation method the amount of depreciation expenses remains same throughout the useful life of a fixed asset? Straight line method
- ▶ A company purchased a vehicle for \$6000. It will be used for 5 years and its residual value is expected to be \$1000. What is the annual amount of depreciation using straight line method of depreciation? \$1000
- ▶ What is the accumulated depreciation? Sum of all depreciation expenses of a fixed asset
- ▶ Which of the following is the normal balance of an accumulated depreciation account? Credit balance
- ▶ How trial balance shows the accumulated depreciation? as a credit item
- ▶ Which of the following is a double entry for depreciation expenses? Depreciation expenses Debit and accumulated depreciation Credit
- ▶ An alternative term used for accumulated depreciation expenses? Provision for depreciation
- ▶ A fixed asset was bought for \$5000. Its accumulated depreciation is \$3000 and rate of depreciation is 20%. Calculate its depreciation expenses for the current accounting period using reducing balance method? \$400
- ▶ In depreciation calculation, the useful life of a fixed asset is? An estimate
- ▶ Depreciable amount + Residual value of a fixed asset = Cost of the fixed asset

- ▶ Cost of a fixed asset – Accumulated depreciation expenses of the fixed asset = Book value of a fixed asset
- ▶ The estimate about useful life of a fixed asset can be changed
- ▶ Depreciation =  $(\text{Cost} - \text{Accumulated depreciation}) / \text{Total hours} \times \text{Actual hours}$
- ▶ The purchase price of a software that will be used for more than 12 months should be regarded as? a capital expenditure
- ▶ XYZ firm has imported a machine from abroad.
- ▶ A company purchased a new machine for \$500,000 and machine's test run was started to make sure that machine works properly. There was expense of \$5000 incurred on test run, however the sale proceeds of test production were \$2000. You are required to find out the total cost of machine? 503,000
- ▶ Land is a fixed assets which does not depreciated in the ordinary circumstance?
- ▶ Which accounting concept or principle require the calculation of depreciation of the fixed assets? Matching concept
- ▶ A car was purchased for \$5500. Its residual value was estimated to be \$500 while its monthly depreciation expenses are \$100 using straight line method. Which of the following is the annual rate of depreciation? 24%
- ▶ Under which method of depreciation the amount of depreciation expenses remains constant throughout the useful life of a fixed asset? Straight line method
- ▶ An increase in the value of fixed asset is referred to as appreciation
- ▶ A fixed asset having book value of \$2000 was sold for \$1500. Which of the following is the gain or loss on the sale of fixed asset? \$500 loss
- ▶ Book value of a fixed asset equals to market value or sale proceeds of a fixed asset if gain or loss on sale = 0
- ▶ The term depletion is generally used for the depreciation of natural resources
- ▶ Which of the following is a biological asset? Living plants and animals
- ▶ Items of property, plant and equipment can be recognized as assets when their cost can be measured reliably and it is likely that the future economic benefits associated with the assets will flow to the entity
- ▶ Under the revaluation model of fixed assets provided by the international accounting standards, the revaluation of the fixed assets should be carried out on a regular basis
- ▶ Purchases of machinery entered in the purchases account is an example of an error of Principle
- ▶ An asset was purchased on 1.1.20X3 for £5,500 and is to be depreciated at 20% reducing balance. What would be the net book value of the asset as at 31.12.20X5? £2,816
- ▶ The balance on the provision for doubtful debts account as at 31.12.20X5 was £550 and as at 31.12.20X6 was £850. The total of outstanding debtors as at 31.12.20X6 is £8,800. The net value of debtors shown on the balance sheet as at 31.12.20X6 would be £7,950
- ▶ Keeping the same depreciation policy even if it may not give a realistic asset value at the year end is an example of consistency
- ▶ Which errors would affect the firm's gross profit? overstating the value of purchases
- ▶ Which errors could be corrected using the suspense account? A credit sale to A Ban-tick was entered on the credit side of A Banter's account

- ▶ Equipment was purchased on 1.1.20X6 for £25,000 and is to be depreciated at 30% reducing balance. What would be the net book value of the asset as at 31.12.20X7? £12,250
- ▶ Which item would not be found in a purchases ledger control account? Balance of money owing by customers at start of period
- ▶ Accrued expenses are considered as liability
- ▶ Prepaid expenses are regarded as asset
- ▶ Correct double entries for unearned income? DEBIT= Income, CREDIT= Unearned income
- ▶ Earned but not yet received income is treated as? asset
- ▶ Correct double entries for accrued expenses? DEBIT= Expenses, CREDIT= Accrued expenses
- ▶ Correct double entries for prepaid expenses? DEBIT= Prepaid expenses, CREDIT= Expenses
- ▶ Unearned income is classified as Liability
- ▶ correct double entries for earned income? DEBIT= Earned income, CREDIT= Income
- ▶ Failure to make adjusting entries for accrued income results in understatement of capital
- ▶ Identify the consequences of not making adjustment entry for accrued expense? Understatement of liabilities
- ▶ An adjusting entry for prepaid expenses affects? Assets and expenses
- ▶ Adjusting entries convert cash based account into Accrual based accounting:
- ▶ An unearned income adjusting entry affects? Income and liabilities
- ▶ A business paid 3 month rent amounting to \$3000 out of this amount one month rent pertains to the next accounting period. Identify the correct amount prepaid expense? \$1000
- ▶ Adjusting entries help allocating incomes and expenses to their appropriate accounting periods
- ▶ A customer paid you \$100,000 for some construction work. However, at the end of your accounting period only 1/4 of work was completed. What amount of income should be shown in income statement? 25,000
- ▶ A business paid \$5000 for technical services but used up the services for only \$2000 until the end of its accounting period. The remaining \$3000 would be referred as prepaid expenses
- ▶ Revenue earned but not yet received by the business is known as accrued revenue
- ▶ Another name of accrued revenue is earned revenue
- ▶ If Rent expenses=\$5000, Insurance expenses=\$4000, Prepaid rent expenses=\$3000. What amount of total expenses will be shown in income statement? \$6000
- ▶ Transactions recorded which took place during a financial year are known as Period of Account
- ▶ What is financial year? 1st July of a calendar year to 30th June of the next calendar year
- ▶ With some exceptions of book adjustments the transactions in the government accounts represented the actual cash receipts and disbursements during a particular financial year as distinguished from amounts due to or by the government during the same period is called cash basis of accounts

- ▶ What are the main divisions of accounts? The main divisions of accounts are revenue, capital, debt and remittance
- ▶ What is the classification of Accounts? Major, minor & detailed heads of accounts
- ▶ Refund of Revenues as a general rule is taken as a reduction of revenue receipts under the major head concerned.
- ▶ PIFRA stands for? Project to Improve Financial Reporting & Auditing
- ▶ As a part of financial reforms a PIFRA project was introduced, with the financial & technical support of the World Bank
- ▶ PIFRA project of Financial Reforms was introduced in 1996
- ▶ First phase of PIFRA project of Financial Reforms was completed in 31st December, 2004
- ▶ Second phase of PIFRA project of Financial Reforms was started on 1st January 2006
- ▶ Second phase of PIFRA project of Financial Reforms was completed on 30th June, 2011
- ▶ Main features of Reforms Project PIFRA? (a) Government Accounting & Financial Reporting (b) Change management & human resources & (c) Auditing, Training & Administration
- ▶ What are the main goals of Reforms Project PIFRA? (a) To modernize Cash Based Accounting System (b) To bring transparency and Public Accountability in Financial Reporting & (c) To improve budgetary controls
- ▶ NAM stands for? New Accounting Model
- ▶ The reforms process has introduced the New Accounting Model (NAM).

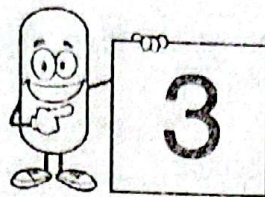
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- ▶ NAM stands for? New Accounting Model
- ▶ The reforms process has introduced the New Accounting Model (NAM).
- ▶ NAM has been developed with the help of international consultants and involvement of all stakeholders and is consistent with international standards.
- ▶ NAM is codified in 7 volumes of manuals and has replaced the old codes – some of which dated back to Victorian period.
- ▶ Modified Cash Accounting, Commitment Accounting, Assets Accounting, and Double are ensured through revised Chart of Accounts and would eventually lead to complete transformation to full Accrual Accounting.
- ▶ An essential feature of NAM is the new Chart of Accounts. Chart of Accounts provides the structure by which accounting transactions are coded and thus used in financial reporting
- ▶ The chart of accounts structure consists of elements that each represents a "view" or "dimension" of financial information considered useful for Financial reporting
- ▶ The chart of Accounts contains five elements. These are Entity, Object, Fund, Function & Project
- ▶ Entity element enables reporting of transactions by the organizational structure or in other words the organizational unit, which is creating transaction.
- ▶ The use of the entity element is mandatory for all accounting transactions. It includes? Government, Ministry, Division / Department, Attached Department, District & DDO
- ▶ Object element enables the collection and classification of transactions into expenditure and receipts and also to facilitate recording of financial information according to accounting elements
- ▶ The use of the object is mandatory for all accounting? Transactions

- ▶ Fund is the pool of money from which budgetary allocation is made (e.g. Consolidated Fund / Public Account.
- ▶ Project element enables transactions to be aggregated and reported at a project level (generally equivalent to 'sub-grant' level in the project development budget).
- ▶ The Project element consists of the project number, which is identified by 4 numeric characters.
- ▶ Each Project will have a unique project number.
- ▶ Function element provides reporting of transactions by economic function and program.
- ▶ Commitment Accounting could be defined as an obligation to make a future payment, and arises when an entity issues a legally binding purchase order or enters into a contract for acquisition of goods and services
- ▶ Which Ministry administers collection of Zakat and maintenance of relevant accounts? Ministry of Religious Affairs. Zakat & Ushr
- ▶ What is the minimum number of partners required to commence a partnership business? 2
- ▶ Partnership type of business is formed by the mutual agreement of partners. What kind of agreement is it? Oral or written agreement
- ▶ In the general form of partnership, liabilities of partners are unlimited
- ▶ Partnership type of business is not considered as a separate legal entity?
- ▶ Interest on drawings is debited to partner's current a/c
- ▶ The written agreement of partnership is most commonly referred to as Partnership deed
- ▶ Where there is no partnership agreement exists between partners, what will be the profit sharing ratio between the partners? Equal
- ▶ Salary of a partner is Credited to current account:-

## اسلامیات کیپسول اردو بھی دستیاب ہے

- ◀ آنحضرت محمد ﷺ کے ۲۳ سالہ دور نبوت میں کل کتنی جنگی مہمات ہوئیں؟ 81
- ◀ رسول پاک ﷺ کا پسندیدہ مہینہ کون سا ہے؟ شعبان کا مہینہ
- ◀ مکہ کا پہلا جمہوری حاکم کون تھا؟ قصی۔
- ◀ صابن کس پیغمبرؐ نے بنایا؟ حضرت صالح علیہ السلام۔
- ◀ حضرت خدیجہ رضی اللہ تعالیٰ عنہا کا تیسرا نکاح کس سے ہوا؟ حضور ﷺ سے
- ◀ حضرت ابراہیم علیہ السلام پر کتنے صحائف نازل ہوئے؟ صرف ۳۔
- ◀ کس مسلمان سائنسدان کو کمپیوٹر کا بانی کیا جاتا ہے؟ موسیٰ الخوارزمی
- ◀ ابوسفیان کن دو جنگوں میں قریش مکہ کے سردار تھے۔ جنگ احد جنگ خندق
- ◀ ختم نبوت کا ذکر کس سورت میں آیا ہے۔ الاحزاب
- ◀ قرآن میں قصاص کے علاوہ کتنی حدود کا ذکر ہے۔ ۴
- ◀ مسجد اقصیٰ کو اقصیٰ کیوں کہتے ہیں۔ کیونکہ وہ مکہ حجاز سے بہت فاصلے پر ہے۔
- ◀ فتح مکہ کے بعد آنحضرت محمد ﷺ نے کس کو مکہ کا گورنر مقرر کیا؟ عاقب بن عسید رضی اللہ تعالیٰ عنہ کو
- ◀ اسلام کے پہلے بیت المال کا قیام ابو بکر رضی اللہ تعالیٰ عنہ کے دور میں ہوا۔
- ◀ حضرت ابو بکر صدیق رضی اللہ تعالیٰ عنہ نے بیت المال کا انتظام کس کے سپرد کیا؟ حضرت ابو عبیدہ بن الجراح رضی اللہ تعالیٰ عنہ
- ◀ اسلام کے پہلے سفیر حضرت مصعب بن عمیر رضی اللہ تعالیٰ عنہ ہیں۔
- ◀ کون سے پیغمبر کو یہودی اللہ کا بیٹا مانتے ہیں؟ حضرت عزیر علیہ السلام
- ◀ قوم یاجوج ماجوج کو کس پیغمبر نے دو پہاڑوں میں قید کیا تھا؟ حضرت ذوالقرنین علیہ السلام
- ◀ ابو جہل کا اصل نام کیا تھا؟ عمر بن ہشام
- ◀ ابولہب کا اصل نام کیا تھا؟ عبد العزیٰ

- چین میں مسلمانوں کی حکومت کب ختم ہوئی؟۔ 1492 میں
- ختہ کرنے کا حکم سب سے پہلے کس نبی کو دیا گیا؟ حضرت ابراہیم علیہ السلام
- اسلام کے پہلے پرچم کا رنگ کیا تھا؟ سفید
- حضرت اسامہ رضی اللہ عنہ بن زید کس صحابی کے بیٹے تھے؟ حضرت زید بن حارث رضی اللہ عنہ
- آنحضرت محمد صلی اللہ علیہ وآلہ وسلم کی رضاعی بہن کا نام بتائیں جنہوں نے اسلام قبول کر لیا تھا؟ شیماء رضی اللہ تعالیٰ عنہا
- رسول پاک صلی اللہ علیہ وآلہ وسلم نے کس کو ذات النطاقین کا لقب دیا؟ حضرت اسماء رضی اللہ تعالیٰ عنہا بنت ابوبکر صدیق رضی اللہ تعالیٰ عنہ
- کس صحابی رضی اللہ تعالیٰ عنہ نے نجاشی کے سامنے تقریر کی؟ حضرت جعفر طیار رضی اللہ تعالیٰ عنہ
- حضرت صفیہ رضی اللہ تعالیٰ عنہا رسول پاک صلی اللہ علیہ وآلہ وسلم سے رشتہ میں کیا لگتی تھی؟ پھوپھی
- ساتی زم زم کس صحابی رضی اللہ تعالیٰ عنہ کو کہا جاتا ہے؟ حضرت عباس رضی اللہ تعالیٰ عنہ
- حضرت ابو عبیدہ بن جراح رضی اللہ تعالیٰ عنہ کا مزار کہاں ہے؟ دمشق (شام کا دار الخلافہ)
- آنحضرت نے فیاض کا لقب کس صحابی کو دیا؟ حضرت طلحہ رضی اللہ تعالیٰ عنہ
- ترجمان القرآن حضرت عبداللہ بن عباس رضی اللہ تعالیٰ عنہ کو کہتے ہیں۔
- بیت المقدس کی فتح کے وقت چابیاں کس صحابی کے حوالے کی گئیں۔ حضرت عمر رضی اللہ تعالیٰ عنہ
- ملک یمن سے سب سے پہلے کس نے اسلام قبول کیا؟ حضرت عمرو بن طفیل رضی اللہ تعالیٰ عنہ
- مسجد ضرار منافقین نے تعمیر کی جسے اللہ تعالیٰ نے گرانے کا حکم دیا۔
- حضرت حسن رضی اللہ تعالیٰ عنہ حضرت علی رضی اللہ تعالیٰ عنہ کے بعد کتنا عرصہ خلیفہ رہے؟ 6 ماہ
- مکہ مکرمہ میں سب سے پہلے قرآن مجید کس صحابی نے بلند آواز پڑھا؟ حضرت عبداللہ بن مسعود رضی اللہ تعالیٰ عنہ
- مسجد ضرار منافقین نے تعمیر کہاں کی؟ مدینہ میں
- حضور صلی اللہ علیہ وآلہ وسلم کے نانا کا نام وہب بن عبد المناف تھا
- حضور صلی اللہ علیہ وآلہ وسلم کی نانی کا نام براہ تھا۔ حضور صلی اللہ علیہ وآلہ وسلم کی وادی کا نام فاطمہ تھا۔



- ▶ Which is the correct double entry for revaluation surplus? Revaluation = Debit and Partners capital accounts = Credit
- ▶ Which one of the following double entries is correct regarding the cost of firm or partnership dissolution? Debit realization a/c and Credit bank/cash
- ▶ Identify the correct double entry for realization profit at time dissolution of partnership? Debit realization account and Credit partners' capital accounts
- ▶ Partner 'A' took firm's vehicle worth \$5000 without payment at the time of firm's disbanding. Identify the correct adjustment in the capital account of partner 'A'? \$5000 will be debited
- ▶ Which one of the following is the method of goodwill valuation? Super profit method
- ▶ Under capitalization method of goodwill valuation, which of the following formulas is used to calculate the "value of whole business"?  $\text{Value of whole business} = \text{Profit} / \text{Reasonable rate of return} \times 100$
- ▶ A partner that doesn't take part in the management of business, but he/she has made investment in business and liable to creditors of the business is known as? Dormant partner
- ▶ Which of the following is another term for debtor control account? Sales ledger control account
- ▶ Control accounts are most commonly used for which purpose? Detecting errors in accounting records
- ▶ Bad debts written off during a period of accounting are entered in which side of a control account? Credit side of debtor control a/c
- ▶ Which of the following accounts is used to record the cash sales? Sales account
- ▶ An account receivable was charged with the interest of \$500, but no entry was made in the debtor control account. What would be the adjustment in the debtor control account? \$500 will be debited in the debtor control a/c
- ▶ A check for \$200 was received from Mr. Z (a debtor) and was presented to bank but the bank has dishonored it. Identify the correct treatment of check in a debtor control account? Debit control account with \$200
- ▶ Sales of \$500 were recorded twice in the sales ledger control account. What is the correct adjustment in a debtor control account? \$500 will be credited
- ▶ Sales return was understated by \$1000. Which of the following is correct? \$1000 will be credited in debtor control a/c
- ▶ \$500 debit was entered as \$500 credit in sales ledger control account. What's its adjustment in the sales ledger control account? \$1000 should be debited

- ▶ Which is generally considered as a nonprofit oriented organization? Charitable organization
- ▶ The receipts and payments account of a non-profit organization is a Real account
- ▶ A depreciation of a currency occurs when? The value of the currency falls
- ▶ An appreciation of the currency may occur if? There is an increase in demand for exports
- ▶ A fall in the external value of a currency? May lead to a movement along the demand curve for a currency
- ▶ A demand switching policy could be? Tariffs
- ▶ Free trade is based on the principle of? Comparative advantage
- ▶ What is Tariff? Increase government earnings from tax
- ▶ The terms of trade measure? Export prices compared to import prices
- ▶ In a floating exchange rate system? The exchange rate should adjust to equate the supply and demand of the currency
- ▶ If there is a balance of payments deficit then in a floating exchange rate system? The external value of the currency would tend to fall
- ▶ To prevent the external value of the currency from falling the government might? Buy its own currency with foreign reserves
- ▶ Developing economies usually have? Low GDP per capita
- ▶ Demand for primary products is likely to be? Income inelastic
- ▶ Developing economies usually? Are dependent on primary products
- ▶ Earning from primary products are often unstable because? Supply conditions are unstable
- ▶ Over time the price of primary products tends to fall because? Of outward shifts in supply
- ▶ World trade has been increasing due to? Reduced protectionism
- ▶ Aslam spends all of his money on racquetballs and food. What would happen to Aslam's budget line if his income increased by 10 percent holding prices constant? It would shift outward
- ▶ Which government income is included in revenue budget? Non-tax-revenue & Tax-revenue
- ▶ Devaluation leads to increase in exports
- ▶ build-up of Foreign exchange reserves leads to increase in money supply
- ▶ "Crowding out" means that a government budget deficit raises interest rates and causes investment spending to fall
- ▶ The process of budget making after re-evaluating every item of expenditure in every financial year is known as Zero Based Budgeting
- ▶ National Income estimates in Pakistan is prepared by Finance Ministry
- ▶ What is 'Zero Base Budgeting'? Preparation of new budget every time
- ▶ In Pakistan government budget is prepared by? Ministry of Finance
- ▶ Which of the following would cause income to become more unequal? More regressive taxes
- ▶ Pakistan's public debt is? Small than GNP
- ▶ Pakistan's fiscal year starts from? 1st July
- ▶ What is most likely to cause the government to have a budget surplus? a decrease in government spending

- ▶ A budgetary deficit means? Total expenditure is more than total revenue
- ▶ Fiscal deficit in the budget means? Budgetary deficit plus the net borrowings of the government
- ▶ Gross National Income is always more than Net National Income because it includes? Capital consumption allowance
- ▶ National income refers to? Money value of goods and services produced in a country during a year
- ▶ According to the law of demand, when? Price increases demand decreases
- ▶ Which is the mostly likely purpose of budgeting? Planning and control of an organization's income and expenditure
- ▶ Cash budget is not a functional budget
- ▶ Calculate the production budget from the following data: sales 89,350 units; opening inventory 23,864 units; closing inventory 33,156 units? 98,642 units
- ▶ What is meant by an incremental budget? A budget that is based on the previous year, adjusted for known changes
- ▶ Which of the following statements can be considered to be an advantage of a bottom-up budget? Uses the knowledge of all staff to build a fair budget
- ▶ What would be the most likely cause of an unfavourable labour rate variance together with a favourable labour efficiency (usage) variance? The employment of more highly skilled staff than budgeted
- ▶ A fall in price? May be caused by a fall in demand
- ▶ Demand for a normal product may shift outwards if? The price of a substitute falls
- ▶ An increase in income should? Shift demand for an inferior product inwards
- ▶ An increase in price all other things unchanged leads to? A contraction of demand
- ▶ In a regressive tax system? The marginal rate of tax decreases with more income
- ▶ The Public Sector Net Cash Requirement (PSNCR) is? A measure of the country's budget position
- ▶ A government might use tax to? Discourage consumption of negative externalities
- ▶ As an economy grows? The government's budget position should automatically improve
- ▶ If people are made unemployed because of a fall in aggregate demand this is known as? Cyclical unemployment
- ▶ Supply side policies are most appropriate to cure? Voluntary unemployment
- ▶ The natural rate of unemployment is likely to fall if? More training is available for the unemployed
- ▶ If there is cyclical unemployment in the economy the government might? Cut taxes
- ▶ To reduce cyclical unemployment the government might? Reduce interest rates
- ▶ The tax is National income
- ▶ Who promulgates the Ordinance? President
- ▶ The president issues ordinance when the Parliament is not in session on
- ▶ Ordinance is issued for the term of? 4 months
- ▶ The Income Tax Ordinance, 2001 come into force on 1st July 2002

- ▶ Public finance is the study of the role of the government in the economy
- ▶ Finance is concerned with arrangement of funds, identification of sources of funds & recording utilisation of funds
- ▶ Current Ratio is the ratio of Current assets to current liabilities
- ▶ Cost of goods sold refers to Sales minus gross profits
- ▶ Debt Equity Ratio refers to the ratio of? Long term debt to shareholders' equity
- ▶ It is the branch of economics which assesses the government revenue and government expenditure of the public authorities and the adjustment of one or the other to achieve desirable effects and avoid undesirable ones? Public finance
- ▶ Collection of sufficient resources from the economy in an appropriate manner along with allocating and use of these resources efficiently and effectively constitute good financial management.
- ▶ Which basically deals with all aspects of resource mobilization and expenditure management in government? Public Finance Management (PFM)
- ▶ Just as managing finances is a critical function of management in any organization, similarly public finance management is an essential part of the governance process.
- ▶ Public finance management includes resource mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising controls.
- ▶ 40% of Income of federal government is obtained from? Sales Tax
- ▶ An Indirect tax is one where? Points of Impact and Incidence are different
- ▶ The most important source of income of a government is? Taxes
- ▶ Progressive taxes increase government revenue and bring equality in distribution of incomes
- ▶ Pakistan's fiscal year starts from? 1st July
- ▶ Trading on equity' means? Use of fixed-interest borrowed funds for getting a higher return on equity
- ▶ Government policies that focus on changing taxes and government spending are called Fiscal policies
- ▶ Direct Tax is paid by persons who earned income in the relevant previous year.
- ▶ Who is Tax payer? Assessee
- ▶ Any salary received by an employee in a tax year, other than salary that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head? Salary
- ▶ Any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions) under the head? Salary
- ▶ The amount of any allowance provided by an employer to an employee including a cost of living, subsistence, rent, utilities, education, entertainment or travel allowance, but shall not include any allowance solely expended in the performance of the employee's duties of employment under the head? Salary
- ▶ Cost of long term debentures are? Not eligible for Indexing.
- ▶ Indexation is applicable to? Sale of long term capital assets which are not depreciable assets

- ▶ Shares held for less than 12 months are? Short term capital asset.
- ▶ To be a long term capital asset, a financial asset should be held more than 12 months
- ▶ The amount of any expenditure incurred by an employee that is paid or reimbursed by the employer, other than expenditure incurred on behalf of the employer in the performance of the employee's duties of employment is under the head of Salary
- ▶ An employee who has received an amount in a tax year may, by notice in writing to the Commissioner, elect for the amount to be taxed at the rate computed in accordance with the following formula? A/B%
- ▶ In A/B% formula (A stands for) A is the total tax paid or payable by the employee on the employee's total taxable income for the three preceding tax years
- ▶ In A/B% formula (B stands for) B is the employee's total taxable income for the three preceding tax years
- ▶ Where, in a tax year, an employee disposes of a right or option to acquire shares under an employee share scheme, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the amount of any gain made on the disposal computed in accordance with the following formula? A—B
- ▶ In A—B formula A stands for the consideration received for the disposal of the right or option
- ▶ In A—B formula B stands for the employee's cost in respect of the right or option
- ▶ The rent received or receivable by a person for a tax year, other than rent exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head? Income from Property
- ▶ Rent means any amount received or receivable by the owner of land or a building as consideration for the use or occupation of, or the right to use or occupy, the land or building, and includes any forfeited deposit paid under a contract for the sale of land or a building.
- ▶ In computing the income of a person chargeable to tax under the head Income from Business for a tax year, a deduction shall be allowed for any expenditure incurred by the person in the year wholly and exclusively for the purposes of business.
- ▶ A person shall be allowed a deduction for the depreciation of the person's depreciable assets used in the person's business in Tax year
- ▶ Who is Ordinary Resident? One who satisfy any one of the basic condition and two of the additional conditions
- ▶ Income tax is levied by Central Govt
- ▶ Assessee can be classified into three categories.
- ▶ Incomes on which income tax is not charged are called exempted incomes
- ▶ Determining the tax liability is called Assessment
- ▶ Gifts from clients are treated as Professional income.
- ▶ An asset on which depreciation is allowable is short term capital asset.
- ▶ Into how many classes depreciable assets are divided for the purpose of depreciation? 4
- ▶ Over valuation of closing stock is deducted from net profit.
- ▶ Short term capital gain on sale of listed shares are Taxable
- ▶ Profits earned from an illegal business are Taxable.
- ▶ Municipal taxes are deductible on payment basis

- ▶ Remuneration received by a partner is not taxable as income under the head "Salaries"?
- ▶ Unabsorbed depreciation can be carried forward for set off? for an unlimited number of years
- ▶ A short term capital asset (except financial assets) is the one held for not more than 3 years.
- ▶ Long term capital gains attract a tax rate of 20 percent for Individuals.
- ▶ Deduction for bad debts is allowed to an assessee carrying on business? In the year in which the debt is written off as bad
- ▶ Which is expressly allowed deduction? scientific research expenditure
- ▶ Tips received by waiter in a hotel from the customer is income from other sources
- ▶ For determining taxable salary perks are divided into 3 groups.
- ▶ Incomes on which Income tax is not charged are called exempted
- ▶ Foreign Allowance paid by Govt. to its employee posted in abroad is fully exempted
- ▶ The basis of charge for tax on income from house property is annual value
- ▶ Profits earned from illegal business is Taxable.
- ▶ Any payments made under and awards instituted by central or state Governments are? Fully exempted
- ▶ Casual income is included in income from other sources
- ▶ In case of Tax free salary? Tax is to be paid by employer
- ▶ Which of the following is an exempted salary? Salary received by UNO employees.
- ▶ Perk is facility provided by employer to employee
- ▶ Death cum Retirement Gratuity paid to a government employee? Fully exempted.
- ▶ Direct Tax is getting from persons
- ▶ Assessment year is called? Tax paid
- ▶ Who is an ordinarily Resident? both basic and additional
- ▶ Who is nonresident? not followed by any one of the basic conditions
- ▶ Under the income- tax act, the incidence of taxation depends on? The residential status of the taxpayer.
- ▶ Embezzlement of cash in a money lending business shall be treated as? Revenue loss incidental to business.
- ▶ Long term capital gain on sale of unlisted shares are? Taxable
- ▶ Compensation for cancellation of a licence by the government resulting in cessation of business is? a revenue receipt
- ▶ Compensation received for loss of trading asset is a? Capital receipt
- ▶ Any payment made to discharge a revenue liability, if refunded later on, shall be? Personal expenditure.
- ▶ Loss due to fire of hired machinery is? Capital loss
- ▶ receipt is determined as Capital Receipt or Revenue receipt? At the time it is received
- ▶ Which of the following is a capital receipt? Salary received
- ▶ Salary paid by an employer out of capital will be a revenue receipt in the hands of employee
- ▶ Amount paid as secret commission to employees of buyer of assessee's goods is a? Revenue expenditure.
- ▶ Residential status of taxable entities is? Can change from year to year.
- ▶ An individual who wants to be an ordinarily resident must satisfy? One of the basic conditions and both the additional conditions.

- ▶ Resident but not ordinarily resident pays? Less tax than a resident.
- ▶ Incomes on which Income tax is not charged are called? Exempted
- ▶ Scholarship granted is? Fully exempted.
- ▶ Share of income from firm is? Exempted in the hands of partner.
- ▶ Casual income is? Fully taxable.
- ▶ Salary received by a member of parliament is? Taxable as income from other.
- ▶ Which of the following is an exempted salary? Salary received by UNO employees.
- ▶ Allowances received by a government employee posted abroad are? Fully exempted.
- ▶ Interest on loan borrowed for acquisition of an asset till the date of installation is? Capital expenditure.
- ▶ Shares held for less than 12 months are? Short term capital asset.
- ▶ House property held for less than 36 months is? Short term capital asset.
- ▶ Shares held for 15 months are? Long term capital asset.
- ▶ Indexation is applicable to? Sale of long term capital assets which are not depreciable assets
- ▶ Cost of long term debentures are? Not eligible for indexing.
- ▶ Embezzlement of cash by a cashier is a revenue loss
- ▶ International Business involves commercial activities that cross national frontiers.
- ▶ With the globalization of markets, the tastes and preferences of consumers worldwide are? Converging upon a global norm
- ▶ The main object of an audit is depends on the type of audit.
- ▶ The title of AAS2 issued by Council of ICAI is objective and Scope of the Audit of Financial Statements
- ▶ A sale of Rs. 50,000 to A was entered as a sale to B. This is an example of Error of commission
- ▶ Goods sent on approval basis" have been recorded as "Credit sales". This is an example of Error of principle
- ▶ How many principles are listed in AAS1 which govern auditor's professional obligation? Nine
- ▶ Both auditing and accounting are concerned with financial statements. Which of the following: Auditing lends credibility dimension and quality dimension to the financial statements prepared by the accountant.
- ▶ The risk of management fraud increases in the presence of? Management incentive system based on sales done in a quarter
- ▶ Auditing standards differ from audit procedures in that procedures relate to acts to be performed,
- ▶ Which of the following factors likely to be identified as a fraud factor by the auditor? The company is planning a initial public offer of quality shares to raise additional capital for expansion.
- ▶ The most difficult type of misstatement to detect fraud is based on Omission of a sales transaction from being recorded
- ▶ Which of the following statements is correct concerning the required documentation in working papers of fraud risk assessment undertaken by the auditor? Document the identification of fraud risk factors along with response to them.
- ▶ Credit note is the basis for recording a transaction in which of the following specialized journals? Sales return journal
- ▶ Credit memo or credit note No. is entered in which of the following journal? Sales return day book

- ▶ Transferring entries from journal to ledger account is commonly known as Posting
- ▶ If debit side of a bank account is greater than credit side it indicates which of the following? Cash at bank
- ▶ Purchases will be credited if goods are given as charity
- ▶ Which of the following is known as the base for preparing trial balance? Ledger account
- ▶ Cash received from debtor is recorded in which of the following specialized journals? Cash receipts
- ▶ Which of the following is a type of cash receipt journal + cash payment journal? Cash book
- ▶ Cash purchases is recorded in which of the following specialized journals? Cash payments journal
- ▶ A brief explanation recorded below every entry in general journal is commonly known as Narration
- ▶ Credit purchase of plant and machinery is recorded in which of the following specialized journals? General journal
- ▶ Debit note is the basis for recoding a transaction in which of the following journals? Purchase return journal
- ▶ "Sale of old furniture" will be recorded in which of the following specialised journals? General journal
- ▶ Which of the following is the most appropriate potential reaction of the auditor to his assessment that the risk of material misstatement due to fraud is high in relation to existence of inventory? Visit location on surprise basis to observe test counts
- ▶ Professional skepticism requires that the auditor assume that management is neither honest nor dishonest
- ▶ The use of an audit engagement letter is the best method of assuring the auditor will have which of the following? Access to all books, accounts and vouchers required for audit purpose
- ▶ Which of the following management thinker created a role classification system based on how managers spend their time at work to describe a manager's role? Henry Mintzberg
- ▶ Which expectancy theory linkage explains the degree to which a student desires a good job? Expectancy
- ▶ The assignment of new or additional responsibilities to a subordinate is called? Delegation
- ▶ Which ethical approach is guided by what will result in the greatest good for the greatest number of people? Justice approach
- ▶ Low level management has a complete authority to make decisions in case of? Decentralization
- ▶ Which one of the following individuals is most closely associated with scientific management? Frederick Taylor
- ▶ Each subordinate should report to one and only one superior is called? Unity of command
- ▶ There are many healthcare products manufacturers. XYZ Company manufactures only personal hygiene products. It markets such products deodorant, body powder, body creams, and exfoliates. Because it only stocks body care and personal hygiene products, it is using Focus strategy.
- ▶ The organization that has developed the capacity to continuously learn, adapt, and change is called? Learning organization
- ▶ Your firm's attorney has which of the following power when giving legal advice? Expert

- ▶ Which of the following is a function of how much decision-making authority is pushed down to lower levels in the organization? Departmentalization
- ▶ A human resource manager attending a local Society for Human Resource Management meeting would be functioning in which of the following role? Liaison
- ▶ Which type of environment is best suited for mechanistic organizations? Dynamic
- ▶ The most outspoken advocate of the classical view of social responsibility is economist and Nobel prize winner? Milton Friedman
- ▶ Forecasting techniques fall into which of the following two categories? Quantitative and qualitative
- ▶ A plan developed to carry out a course of action that is not likely to be repeated in the future is called Single-use plan
- ▶ An auditor who accepts an audit but does not possess the industry expertise of the business entity should obtain knowledge of matters that relate to the nature of entity's business
- ▶ The least important element in the evaluation of an audit firm's system of quality control would relate to system of determining audit fees
- ▶ The primary purpose of establishing quality control policies and procedures for deciding on client evaluation is to acceptance or retention of clients whose management does not lack integrity
- ▶ Implementing manufacturing facilities in host country is called as Fully owned manufacturing facilities
- ▶ Monthly Market Report is an analysis of business done during the? Whole month
- ▶ In claim letter the initial statement should contain? Good news
- ▶ A standing committee is one that operates permanently? Year after year
- ▶ Classification of Report is? Formal or Informal reports , Short or Long Reports
- ▶ Analytical Letter Reports include investigation of an issue or problem or Calculation of financial ratios of a company.
- ▶ Prefatory parts are 8 in number.
- ▶ There are 3 basic parts of a formal report.
- ▶ Balance sheet does not include Routine checks
- ▶ Which of the following statements is not correct about materiality? at the planning state, the auditor considers materiality at the financial statement level only
- ▶ The process of dividing a total market into market groups so that persons within each group have relatively similar product needs is called? Segmenting
- ▶ Pull factors is those forces of attraction which take the business to the foreign markets
- ▶ When issuing unqualified opinion, the auditor who evaluates the audit findings should be satisfied that the? Estimates of the total likely misstatement is less than materiality level
- ▶ In determining the level of materiality for an audit, what should not be considered? The auditor's remuneration
- ▶ Which of the following statements is most closely associated with analytical procedure applied at substantive stage? It helps to accumulate evidence supporting the validity of a specific account balance
- ▶ For all audits of financial statements made in accordance with AAS14, the use of analytical procedures is at the discretion of the auditor in which stage? Substantive testing

- ▶ The basic assumption underlying the use of analytical procedures is? Relationship among data exists and continues in the absence of known condition to the contrary
- ▶ What are analytical procedures? Substantive tests designed to study relationships between financial and nonfinancial
- ▶ When applying analytical procedures, an auditor could develop independent estimate of an account balance to compare it to? Prior year audited balance adjusted for trends in the industry
- ▶ What is the primary objective of analytical procedures used in the overall review stage of an audit? To help to corroborate the conclusions drawn from individual components of financial statements
- ▶ Of the following, which is the least persuasive type of audit evidence? Carbon copies of sales invoices inspected by the auditor
- ▶ Which of the following statements is, generally, correct about the reliability of audit evidence? Effective internal control system provides reliable audit evidence
- ▶ In an audit of financial statements, substantive tests are audit procedures that may be test of transactions, test of balance and analytical procedures
- ▶ The nature, timing and extent of substantive procedures is related to assessed level of control risk? Directly
- ▶ Which of the following factors is most important in determining the appropriateness of audit evidence? The reliability of audit evidence and its relevance in meeting the audit objective
- ▶ When is evidential matter, generally, considered sufficient? When it is enough to provide a basis for giving reasonable assurance regarding truthfulness
- ▶ What would most appropriately describe the risk of incorrect rejection in terms of substantive testing? The auditor concludes that the balance is materially misstated when in actual fact it is not
- ▶ Which of the following affects audit effectiveness? Risk of over reliance? Risk of incorrect acceptance
- ▶ What would most effectively describe the risk of incorrect acceptance in terms of substantive audit testing? The auditor has ascertained that the balance is materially correct when in actual fact it is not
- ▶ Which of the following Auditing Assurance Standard deals with Audit Planning? AAS8
- ▶ Audit programme is prepared by the auditor and his audit assistants
- ▶ The working papers which auditor prepares for financial statements audit are owned by the auditor
- ▶ The quantity of audit working papers compiled on engagement would most be affected by auditor's experience and professional judgment
- ▶ Which of the following best describes the primary purpose of audit programme preparation? To gather sufficient appropriate evidence
- ▶ The auditor's permanent working paper file should not normally, include extracts from client's bank statements
- ▶ For what minimum period should audit working papers be retained by audit firm? For a period auditor opines them to be useful in servicing the client
- ▶ Which of the following factors would least likely affect the quantity and content of an auditor's working papers? The content of management representation letter

- ▶ Which of the following statement is true regarding an auditor's working papers? They should be considered as the principle support for the auditor's report
- ▶ Which of the following statement best describes the understanding with respect to ownership and custody of working papers prepared by an auditor? The working papers may be obtained by third parties when they appear to be relevant to issues raised in litigation
- ▶ The current file of the auditor's working papers, generally, should include a copy of financial statements
- ▶ Knowledge of the entity's business does not help the auditor to reduce inherent risk
- ▶ The main advantage of using statistical sampling techniques is that such techniques mathematically measure risk
- ▶ Which of the following methods of sample selection is least suitable for extrapolating results to the population? Haphazard sampling
- ▶ Every item in the population has an equal chance of being selected in the sample
- ▶ Risk of under reliance is the risk that the sample selected to test controls? Does not support the auditor's planned assessed level of control risk when the true operating effectiveness of the control structure justifies such an assessment
- ▶ Which of the following factors is (are) considered in determining the sample size for tests of control? Tolerable error & Expected error
- ▶ Tolerable error, is the maximum monetary error that the auditor is prepared to accept in the population and still conclude that audit objective has been achieved, is directly related to Materiality
- ▶ Who is responsible for the appointment of statutory auditor of a limited company? Members of the company
- ▶ As per the requirements of section 226(3) and 226(4) a person is disqualified from being appointed as a statutory auditor if he holds? Security carrying voting rights of the company
- ▶ The board of directors shall appoint first auditor of a company? Within one month of incorporation of the company
- ▶ The term of the auditor ship of first auditor would be from the date of appointment till the conclusion of first annual general meeting
- ▶ In case the directions fail to appoint first auditor (s), the shareholders shall appoint them at a general meeting by passing a resolution
- ▶ Life Insurance Corporation of India holds twenty five percent of subscribed capital of XYZ Ltd. The appointment of statutory auditor in XYZ Ltd. Would be by special resolution
- ▶ ICICI prudential, a life insurance company, holds thirty two percent of subscribed share capital of Delta Ltd. The statutory auditor of Delta Ltd. would be appointed by ordinary resolution
- ▶ If a casual vacancy in the office of auditor arises by his resignation it should only be filled by the company in a General meeting
- ▶ For the purposes of section 224(IB) the number of partners of a firm which shall be taken into account would be as on the date of acceptance of audit
- ▶ Which of the following is counted for the purposes of section 224(IB) the number of partners of a firm which shall be taken into account would be as on the data of Joint audit & Audit to nonprofit companies

- ▶ The auditor of a Government company is appointed by the C & AG. His remuneration is fixed by the shareholders
- ▶ The authority to remove the first auditor before the expiry of term is with the shareholders in a general meeting
- ▶ The retiring auditor does not have a right to speak as a member of the company
- ▶ Internal auditor cannot be appointed as a statutory auditor of the company
- ▶ A statutory auditor has a right of access at all times to Books, accounts and vouchers of the company
- ▶ The auditor has a right to obtain information and explanation from the employees and officers
- ▶ The auditor has a right to obtain information and explanation necessary for the purpose of audit
- ▶ The principal auditor, as per clarification issued by the ICAI, does not have any right to inspect working papers of the branch auditor
- ▶ When we talk about accounting, what kind of job do we mean? All of bookkeeping, auditing, consulting, and more
- ▶ To benefit the organization, Quality auditing should not only report non-conformances and corrective actions but also highlight areas of good practice and provide evidence of conformance. In this way, other departments may share information and amend their working practices as a result, also enhancing continual improvement.
- ▶ The aim of a regular health check audit is to understand the current state of a project in order to increase project success
- ▶ The branch auditor is appointed by shareholders in general meeting
- ▶ Auditor of a Manufacturing company does not have right to visit foreign branches of the company
- ▶ Quality audits are performed to verify conformance to standards through review of objective evidence.
- ▶ Who among the following can be appointed as special auditor by the Central Government? chartered accountant in practice
- ▶ If any director is disqualified from being appointed under section 274(1) (g), the auditor should mention this fact in his audit report. For this purpose, how does he determine their eligibility? He obtains a representation from each director
- ▶ As per the Statement on Qualification in Auditor's Report's issued by the ICAI, the auditor, Under section 227(3) has to give a statement of fact on cess payable under section 441A,
- ▶ The date on auditor's report should not be the date of AGM? later than the date on which the accounts are approved in board's meeting
- ▶ When restrictions that significantly affect the scope of the audit are imposed by the client, the auditor generally should issue which of the following opinion? Qualified opinion
- ▶ The inventory consists of about one per cent of all assets. The client has imposed restriction on auditor to prohibit observation of stock take. The auditor cannot apply alternate audit procedures? unqualified opinion
- ▶ If in the above question, the inventory consisted of about ten per cent of total assets, other conditions remaining same, the auditor should issue? disclaimer of opinion
- ▶ The auditor has serious concern about the going concern of the company. It is dependent on company's obtaining a working capital loan from a bank which has

been applied for. The management of the company has made full disclosure of these facts in the notes to the balance sheet. The auditor is satisfied with the level of disclosure. He should issue? unqualified opinion with reference to notes to the accounts

- ▶ Which of the following is true about explanatory notes? These are given by the directors of the company
- ▶ The client changed method of depreciation from straight line to written down value method. This has been disclosed as a note to the financial statements. It has an immaterial effect on the current financial statements. It is expected, however, that the change will have a significant effect on future periods. Which of the following option should the auditor express? Unqualified opinion
- ▶ The management of a company, to which AS3 is not applicable, does not include statement of cash flows in its annual report. The auditor should express Unqualified opinion
- ▶ In case the auditor gives a disclaimer of opinion in the audit report which of the following paragraph(s) of a standard unqualified audit report are modified? Scope and opinion paragraphs
- ▶ A departure from recognized accounting principle is disclosed in a note to the financial statements. The auditor should? Issue a qualified report
- ▶ AB & Co, chartered accountant, have been requested by their client XYZ Ltd. not to confirm accounts receivables because of concerns about creating conflicts with customers over amounts owed. The auditors were satisfied concerning receivables after applying alternative audit procedures AB & Co.'s auditors report likely contained? Unqualified opinion with an explanatory paragraph

- ▶ Companies exempted from application of CARO, 2003 does not include a private limited company with paid up capital and reserves not more than fifty five lakh
- ▶ Under CARO, 2003, the auditor's report should include report about maintenance of proper recording relating to? Fixed assets, cost investments and inventories
- ▶ Under CARO, 2003 the auditor is required to report on? arrears of cumulative preference dividends
- ▶ As per C & AG Act, 1971 the tenure of the Comptroller and Auditor General is six Years
- ▶ The part of Government Audit which is concerned with examining whether the money has been spent for the purpose specified in Appropriation Act is called audit of provision of funds
- ▶ The income Tax Department has sent Mr. X double refund of advance tax. The Government Auditor detected this while conducting? audit of receipts
- ▶ A state Government spent rupees fifty lakhs on renovation of Governor House " for its Governor. In the C & AG's opinion, this expenditure was more than what occasion demanded? It is an example of? Propriety audit
- ▶ Audit reports on PSU are? sent to concerned ministries/departments
- ▶ Who among the following is eligible to be appointed as an audit of Government Company? A chartered accountant in practice
- ▶ The statutory auditor of a Government Company submits his report to the C & AG
- ▶ To avoid invalid data input, a bank added an extra number at the end of each account number and subjected the new number to an algorithm. This techniques is known as? Check digit

- ▶ When computer programme or files can be accessed from terminals, access can be limited to authorized individuals by? appointing a librarian & controlling passwords
- ▶ Erroneous data has been detected by computer program controls. It has been excluded from processing and printed separately "Error Report". Who should most probably by review and follow up on this report? system, analyst
- ▶ General controls will be ineffective when EDP department? Originate changes in master files.
- ▶ Which of the following activities would most likely be performed by EDP department? Distributing output
- ▶ The completeness of "wages" figure can be tested by comparing the number of time cards to be processed with transaction on wages sheet. This type of control technique is called check digit
- ▶ Which of the following CAATs allow fictitious transactions planted by the auditor to be processed along with real ones on client's system? Integrated test facility
- ▶ The auditor should examine subsequent realization of revenue such as dividends, interest, commission, etc to identify cases of unrecorded revenue
- ▶ To test whether sales have been recorded, the auditor should draw a sample from a file of sales invoices
- ▶ For vouching of which item, the auditor is most likely to examine cost records? Sale of scrap
- ▶ The "Guidance Note on Revenue" issued by the ICAI does not deal with Revenue from sale of fixed assets
- ▶ An auditor conducts a surprise check on the pay day (i.e.) the day wages and salaries are paid. The primary purpose of this audit procedure is? to test procedures for distributing pay cheques
- ▶ Which of the following would prevent double payment of the same voucher? The person signing the cheque should cancel the supporting documents
- ▶ In case of unclaimed wages, the auditor should examine whether the amount has been deposited in a separate bank account
- ▶ While vouching wages, auditor should examine whether there is proper segregation of duties. Which of the following activities should not be done by same department? Proposing pay roll summary and disbursement of wages
- ▶ In order to vouch, which of the expenses, the auditor will examine Bill of Entry? Custom
- ▶ In case of sales return, the auditor should examine which documents? Credit notes, inspection report and inward return notes.
- ▶ An internal auditor discovered that fictitious purchases have been recorded by the purchase clerk. This indicates absence of which control? Purchase invoices are independently matched with purchase orders and goods received notes
- ▶ Which of the following is most crucial to a purchase department? Authorizing the acquisition of goods
- ▶ The auditor is most likely to examine related party transactions very carefully while vouching credit purchases
- ▶ In order to vouch bought ledger, the auditor obtain confirmations from creditors. The principal reason for the auditor to examine suppliers statements at balance sheet date is to obtain evidence that there are no unrecorded liabilities
- ▶ In case of vouching, the auditor is least likely to examine authorization by appropriate authority in case of discount allowed to customers as per organizational policy

- ▶ An auditor is verifying valuation of building which has been self constructed by the client. Which of the following documents is least relevant to the auditor for verification purposes? Minutes of meeting of board of directors
- ▶ Which of the following assets is least likely to be subjected to lien? Leasehold property
- ▶ The auditor has noticed existence of recurring losses sale of fixed assets this indicates? Depreciation charges are insufficient
- ▶ Which of the following financial statements assertions are addressed by testing the cut off for plant asset addition? Completeness and valuation
- ▶ While verifying intangible assets, an auditor would recompute amortization charges and determine whether amortization period is reasonable. The auditor tries to establish valuation by doing it
- ▶ When auditing prepaid insurance, an auditor discovers that the insurance policy bond on building is not available for inspection. This may indicate Lien on building
- ▶ Analytical procedures are least likely to be use in the audit of cash balance
- ▶ The balance of cash in often between one to five percent of total assets. Tick the most appropriate statement with regard to verification of cash in context of this cash in always material as materiality is qualitative concept
- ▶ When counting cash on hand the auditor should ensure postage and revenue stamps are not counted in physical count
- ▶ While observing a client's annual physical inventory, an auditor conducted test counts for certain test counts were higher than the recorded quantities in the client's perpetual records. This situation could be the result of the client's failure to record? sales returns
- ▶ Inspection report/receiving report supports entries in purchase book and sales return book
- ▶ Tests of control are not concerned with: Designing of controls
- ▶ The sequence of steps in the auditor's consideration of internal control is as follows? Obtain an understanding, make a preliminary assessment of control risk, perform tests of control, design substantive procedures.
- ▶ An auditor should study and evaluate internal controls to Plan audit procedures
- ▶ XYZ Ltd. Conducts quarterly review of operations. It discovers that unrest in a south east Asian country may affect the supply of raw materials to it the next quarter. This is an example of risk assessment
- ▶ The primary purpose of performing tests of control is to provide reasonable assurance that if internal control is effective
- ▶ If the auditor assesses control risk as high document the conclusions
- ▶ The overall attitude and awareness of an entity's board of directors concerning the importance of internal control is reflected in control environment
- ▶ Which of the following are included in test of control? Re-performance and observation
- ▶ Control risk is assessed at Financial statement assertion level
- ▶ An auditor assesses control risk because it affects the level of detection risk that auditor may accept
- ▶ A flow chart, made by the auditor, of an entity's internal control system is a graphic representation that depicts the auditor's understanding of the system

- ▶ The performance of tests of control is documented in working papers
- ▶ The independence of an internal auditor will most likely be assured if he reports to the Managing Director
- ▶ In comparison to the independent auditor, an internal auditor is more likely to be concerned with internal control system
- ▶ When an independent auditor decides that the work performed by internal auditors may have bearing on the nature, timing and extent of planned audit procedures, the independent auditor should evaluate objectivity of the internal auditor. The most important factor influencing it would be organizational level to which he reports
- ▶ Proper segregation of duties reduces the opportunities in which a person would both perpetuate errors and frauds and conceals them
- ▶ When the auditor is an employee of the organization being audited (auditee), the audit is classified as an internal quality audit.
- ▶ The most comprehensive type of audit is the quality system audit, which examines suitability and effectiveness of the system as a whole.
- ▶ Each of the three parties involved in an audit the client, the auditor, and the auditee plays a role that contributes to its success.
- ▶ An audit is usually conducted in three steps: (1) A pre-examination or opening meeting with the auditee marks the beginning of the process. (2) Involves a suitability audit of the documented procedures against the selected reference standard. & (3) the auditor examines in depth the implementation of the quality system.
- ▶ The audit final report should include the following? Type of audit conducted, Identification of involved parties: auditor, auditee, and third party, Audit team members, Critical nonconformities and other observations, Audit standards and reference documents used, Determination of proper corrective action(s) & Duration of audit
- ▶ The time required and costs involved in an external audit are much higher as compared to internal audits.
- ▶ Which of the following group is responsible for the existence of adequate corporate controls as part of the corporate governance framework? Corporate management
- ▶ The law of requisite variety can be best defined as the variety in the control system must be equal to or larger than the variety of disturbance/change in system
- ▶ Audit is a fact-finding process that compares actual results with specified standards and plans
- ▶ The auditee is also expected to provide the resources needed and select staff members to accompany the auditors.
- ▶ If we deduct grants for creation of capital assets from revenue deficit, we arrive at the concept of? effective revenue deficit
- ▶ Privatization includes sale of public enterprises to private sector & disinvestment of public enterprise equity
- ▶ A system of quality audits may verify the effectiveness of a quality management system. This is part of certifications such as ISO 9001
- ▶ Quality audits are essential to verify the existence of objective evidence showing conformance to required processes, to assess how successfully processes have been implemented, for judging the effectiveness of achieving any defined target levels, providing evidence concerning reduction and elimination of problem areas and are a hands-on management tool for achieving continual improvement in an organization.

- ▶ Globalization has resulted in the change of scale in economic activities.
- ▶ End of Cold War facilitated globalization
- ▶ The aim of a Regulatory audit is to verify that a project is compliant with regulations and standards. Best practices of NEMEA Compliance Center describe that, the regulatory audit must be accurate, objective, and independent while providing oversight and assurance to the organization.
- ▶ Energy audit is an inspection, survey and analysis of energy flows for energy conservation in a building, process or system to reduce the amount of energy input into the system without negatively affecting the output(s)
- ▶ Big Four are the four largest international accountancy and professional services firms, which handle the vast majority of audits for publicly traded companies as well as many private companies, creating an oligopoly in auditing large companies.
- ▶ Deloitte Touche is one of the largest international accountancy and professional services firm located in? United States
- ▶ PwC is one of the largest international accountancy and professional services firm located in? United Kingdom
- ▶ Ernst & Young is one of the largest international accountancy and professional services firm located in? United Kingdom
- ▶ KPMG is a one of big four located in? Netherlands
- ▶ Big Four group was once known as the? "Big Eight"
- ▶ "Big Eight" was reduced to the Big Five by a series of mergers.
- ▶ The Big Five became the Big Four after the near-demise of Arthur Andersen, following its involvement in the Enron scandal
- ▶ The Auditor General of Pakistan is appointed under the? Constitution of Pakistan
- ▶ The Auditor General of Pakistan's reports are laid before the National, Provincial, and District Assemblies and are considered in the Public Accounts Committee of the respective Assemblies.
- ▶ The Auditor General of Pakistan's mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance both at the federal and provincial levels
- ▶ The Auditor General of Pakistan is appointed for the term of 4 years
- ▶ The budget of the Auditor General is classified as "Charged" expenditure. All charged expenditures are not voted upon by the Parliament.
- ▶ About 1500 qualified officers assist the Auditor General in the discharge of his responsibilities. SAI of Pakistan is an equal opportunity employer.
- ▶ The office of the Auditor General of Pakistan is located in the Federal Capital of Islamabad.
- ▶ There shall be an Auditor-General of Pakistan, who shall be appointed by the President
- ▶ Before entering upon office, the Auditor-General shall make before the Chief Justice of the Supreme Court oath in the form set out in the Third Schedule.
- ▶ The terms and conditions of service, including the term of office, of the Auditor-General shall be determined by Act of [Majlis-e-Shoora (Parliament)] and, until so determined, by Order of the President.

- ▶ A person who has held office as Auditor-General shall not be eligible for further appointment in the service of Pakistan before the expiration of Two years after he has ceased to hold that office.
- ▶ At any time when the office of the Auditor-General is vacant or the Auditor-General is absent or is unable to perform the functions of his office due to any cause, such other person with the approval of the President may direct shall act as Auditor-General and perform the functions of that office.
- ▶ The accounts of the Federation and of the Provinces shall be kept in such form and in accordance with such principles and methods as the Auditor-General may? with the approval of the President
- ▶ Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.
- ▶ Internal auditing helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes
- ▶ Professionals called Internal auditing are employed by organizations to perform the internal auditing activity.
- 309. These are economic resources with the ability or potential to provide future benefits? Assets
- ▶ A person who has held office as Auditor-General shall not be eligible for further appointment in the service of Pakistan before the expiration of Two years after he has ceased to hold that office.
- ▶ The Auditor-General shall not be removed from office except in the like manner and on the like grounds as a Judge of the Supreme Court
- ▶ At any time when the office of the Auditor-General is vacant or the Auditor-General is absent or is unable to perform the functions of his office due to any cause, such other person with the approval of the President may direct shall act as Auditor-General and perform the functions of that office.
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- ▶ Internal auditing helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes
- ▶ Professionals called Internal auditors are employed by organizations to perform the internal auditing activity.
- ▶ "Auditing is the independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon."
- ▶ Such an audit is called a Integrated audit where auditors, in addition to an opinion on the financial statements, must also express an opinion on the effectiveness of a company's internal control over financial reporting
- ▶ The purpose of an assessment is to measure something or calculate a value for it. Although the process producing an assessment may involve an audit by an independent professional, its purpose is to

provide a measurement rather than to express an opinion about the fairness of statements or quality of performance.

- ▶ As a general rule, Audits should always be an independent evaluation that will include some degree of quantitative and qualitative analysis whereas an assessment infers a less independent and more consultative approach.
- ▶ Auditors of financial statements can be classified into Two categories
- ▶ Internal auditors are employed by the organization they audit
- ▶ The most used Internal Audit standards are those of the Institute of Internal auditors
- ▶ Consultant auditors are used when the firm lacks sufficient expertise to audit certain areas, or simply for staff augmentation when staff are not available.
- ▶ Consultant auditors are external personnel contracted by the firm to perform an audit following the firm's auditing standards.
- ▶ Quality auditors may be consultants or employed by the organization.
- ▶ A system of quality audits may verify the effectiveness of a quality management system. This is part of certifications such as ISO 9001
- ▶ Quality audits are essential to verify the existence of objective evidence showing conformance to required processes, to assess how successfully processes have been implemented, for judging the effectiveness of achieving any defined target levels, providing evidence concerning reduction and elimination of problem areas and are a hands-on management tool for achieving continual improvement in an organization.
- ▶ Quality audits are performed to verify conformance to standards through review of objective evidence.

▶ To benefit the organization, Quality auditing should not only report non-conformances and corrective actions but also highlight areas of good practice and provide evidence of conformance. In this way, other departments may share information and amend their working practices as a result, also enhancing continual improvement.

▶ The aim of a regular health check audit is to understand the current state of a project in order to increase project success

▶ The aim of a Regulatory audit is to verify that a project is compliant with regulations and standards. Best practices of NEMEA Compliance Center describe that, the regulatory audit must be accurate, objective, and independent while providing oversight and assurance to the organization.

▶ Big Four are the four largest international accountancy and professional services firms, which handle the vast majority of audits for publicly traded companies as well as many private companies, creating an oligopoly in auditing large companies.

▶ Deloitte Touche is one of the largest international accountancy and professional services firm located in United States

▶ The scope of Internal auditing within an organization is broad and may involve topics such as the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations.

▶ Internal auditors frequently involves measuring compliance with the entity's policies and procedures.

▶ A financial statement audit can be defined as an examination of a company's financial statements, which have been prepared for shareholders and other interested parties outside the company.

- ▶ Which type of audit would not normally be part of the financial statement audit? An internal control audit.
- ▶ Who was the first female governor State Bank of Pakistan? Shamshad Akhtar
- ▶ Which of the following is included in "Financial Institutions" as per Prudential Regulation issued by the State Bank of Pakistan? Banks
- ▶ According to the Section 4 of State Bank of Pakistan Act, 1956, which of the following is the face value of the share of a Bank? Rs. 100
- ▶ According to Section 4 of State Bank of Pakistan Act, 1956, which of the following should be the original Capital of the Bank? Rs. 30 Millions
- ▶ According to the State Bank of Pakistan Act, 1956, "Member" refers to which of the following? Member of the Local Board
- ▶ As per Banking Companies Ordinance, 1962, the total suspension time of the operation of all or any provision of Companies ordinance, 1962 should not exceed? One year
- ▶ According to Section 16 of Banking Companies Ordinance, 1962, which of the following is the MAXIMUM commission, brokerage, discount or remuneration paid by banking company on issue of share capital? 2.5% of the paid up value of the issued shares
- ▶ At the time of independence, how many branches of scheduled banks were there in Pakistan? 487 branches
- ▶ Which of the following refers to "An obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner is the person who reposes or declares the confidence"? Trust
- ▶ If report of State Bank is not submitted with the application of stay order against winding up to the High Court, the high court can extend a stay order for which of the following Maximum periods? 45 Days
- ▶ How many foreign banks were there in Pakistan, at the time of independence? 19 banks
- ▶ Which of the following is included in "Financial Institutions" as per Prudential Regulation issued by the State Bank of Pakistan? Banks
- ▶ In documentary credit, which of the following banks is usually a foreign bank? Advising bank
- ▶ Under hire-purchase, at the time of delivery and possession of goods, which of the following is issued by the bank? Delivery order
- ▶ According to the Section 4 of State Bank of Pakistan Act, 1956, which of the following is the face value of the share of a Bank? Rs. 100
- ▶ According to Section 4 of State Bank of Pakistan Act, 1956, which of the following should be the original Capital of the Bank? Rs. 30 Millions
- ▶ According to the State Bank of Pakistan Act, 1956, "Member" refers to which of the following? Member of the Local Board
- ▶ Which of the following refers to "a person employed to do any act for another person or to represent another person in dealing with third person"? Agent
- ▶ According to Section 17 of Banking Companies Ordinance, 1962, the banking company cannot create charge on which of the following? Unpaid capital
- ▶ Which refers to "rules that regulate the conduct of individuals, businesses, and other organizations within society"? Law

- ▶ As per Banking Companies Ordinance, 1962, the total suspension time of the operation of all or any provision of Companies ordinance, 1962 should not exceed? One year
- ▶ How many foreign banks were there in Pakistan, at the time of independence? 19 banks
- ▶ According to Section 16 of Banking Companies Ordinance, 1962, which of the following is the MAXIMUM commission, brokerage, discount or remuneration paid by banking company on issue of share capital? 2.5% of the paid up value of the issued shares
- ▶ Which of the following refers to "a financial market in which new issues of a security such as bonds or stocks are sold to initial buyers"? Primary Market
- ▶ Subscribed Capital is part of which of the following? Paid up capital
- ▶ According to Section 4 of State Bank of Pakistan Act, 1956, which of the following should be the original Capital of the Bank? Rs. 30 Millions
- ▶ Which of the following is termed as "science of civil law"? Jurisprudence
- ▶ Which of the following is the MINIMUM capital requirement for banks/Direct Financial Institutions as set out by the State Bank of Pakistan by 31/12/2009? Rs 6 billion
- ▶ In 14th century, Banking in structured form started in which of the following countries? England
- ▶ Which of the following refers to "U.S. dollars deposited in foreign branches of U.S. banks or in foreign banks outside the United States"? Eurodollars
- ▶ In which of the following financial markets, buyers and/sellers agree to trade certain quantity of commodity for a specific price at a specified date in future? Future Market
- ▶ Which of the following countries adopted the model for the redressal of public grievances against agencies of state after Sweden? Finland
- ▶ In which of the following years, European Union established the first European Ombudsman? 1995
- ▶ At the time of independence, how many branches of scheduled banks were there in Pakistan? 487 branches
- ▶ In which of the following years, "Wafaqi Mohtasib" was established? 1983
- ▶ In which of the following years, an ombudsman was first established? 1809
- ▶ Relationship between Principal and Agent is known as which of the following? Agency relationship
- ▶ Which of the following studies is the evolution of law over a period of time? Historical Jurisprudence
- ▶ Short term sale of Government securities with an agreement to repurchase the securities at a higher price is called Repo
- ▶ Short-term financial instrument used in the money market is known as Bill
- ▶ According to Establishment of Federal Bank for Co-Operative and regulation of Co-Operative Banking Act, 1977, the term "Time Liabilities" refers to which of the following? Liabilities which are not demand liabilities
- ▶ Which refers to "An obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner is the person who reposes or declares the confidence"? Trust

- ▶ If report of State Bank is not submitted with the application of stay order against winding up to the High Court, the high court can extend a stay order for which of the following Maximum periods? 45 Days
- ▶ Which of the following are intermediate-term and long-term obligations issued by large, high-quality corporations to finance plant and equipment spending? Corporate Bonds
- ▶ According to the State Bank of Pakistan Act, 1956, "Central Board" refers to which of the following? Central Board of Directors of the Bank
- ▶ Which of the following is also known as Repos? Repurchase Agreements
- ▶ Which term is NOT defined by the Companies Ordinance, 1984? Dividend
- ▶ Which market may, at preliminary stage, be termed as "market for bonds and stock market"? Financial Market
- ▶ According to Section 36 of Banking Companies Ordinance, 1962, the Federal Government can issue a certificate of Moratorium, upon an application of State Bank, for which of the following MAXIMUM periods? Six Months
- ▶ The word "Bank" is derived from which of the following? Banque
- ▶ Which of the following studies theory of legislation, precedent and customs? Analytical Jurisprudence
- ▶ Which of the following is the assumption of support for the company in case of a crisis? Positive effect
- ▶ Banking, not in the present form but in its elementary stages was traced as old as 2000 B.C
- ▶ How many foreign banks were there in Pakistan, at the time of independence? 19 banks
- ▶ Which of the following is also called the Legal Mortgage? Registered Mortgage
- ▶ An endorsement is said to be Full endorsement, if it satisfies which of the following conditions? If the endorser signs his name only
- ▶ Which of the following refers to "the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability"? Mortgage
- ▶ Which of the following represent individuals or companies? Private Agents
- ▶ Under Section 10 (Penalty) of the Co-operative Societies and Co-operative Banks (Repayment of Loans) Ordinance, 1966, if a person whoever contravenes any of the provisions of this Ordinance or the rules made shall be punishable with imprisonment of which of the following? Term which may extend to seven years
- ▶ Which of the following refers to "a business in which a person participates with his money and another with his efforts or skill or both his efforts and skill and shall include unit, trust and mutual fund by whatever name called"? Modaraba
- ▶ Which of the following countries adopted the model for the redressal of public grievances against agencies of state after Sweden? New Zealand
- ▶ An endorsement is said to be Restrictive endorsement, if it satisfies which of the following conditions? If the endorser restricts or excludes the right to further negotiate the instrument
- ▶ According to the Corporate and Industrial Restructuring Corporation

Ordinance, 2000, "Customer" means a person in whose name a deposit is held by which of the following? A Microfinance Institution

- ▶ Which of the following refers to "a bank for the time being included in the list of banks maintained under sub-section (1) of Section 37; under Banking Companies Ordinance, 1962"? Scheduled Bank
- ▶ In letter of credit, which of the following is payable as soon as it is presented for payment? Sight draft
- ▶ Among different dimensions of the customer value package which one of the dimension represents that Banking is a service business with no tangible products but still it needs actual delivery in certain items? Deliverable
- ▶ Both the mass retail segment and the small business segment deliver the scale Bank needs and act as a Feeder channel for future mid-market clients.
- ▶ Which of the following changes are rarely undertaken by the business and operating models? Transformational changes
- ▶ A firm with a large user's base, rapidly extracting feedback from those users, can improve its products & services faster than its competitors by? Positive Feedback Effects
- ▶ Right to basic need does not include healthy environment
- ▶ Their low-balance customers are happy using self-assisted channels, what is required by High-balance customers? They need experienced branch staffers
- ▶ Consumption is basic to human survival and it must be shared, strengthening, socially responsible and sustainable.
- ▶ What is the common trait between money laundering and terrorist financing? Concealment

Risks that negatively affect the reputation and standing of banks is known as? Reputational risk

- ▶ Consumer financing is designed for which type of services? Financial support to enhance living standard
- ▶ How outsourcing has become significant in recent past? Because various core activities are being handled by outside vendors
- ▶ A vision imposed by the new team at the top cascades down through the organization in the form of changes to the Both operating and business Models
- ▶ The interconnectivity of business and operating model makes Structural changes highly complex.
- ▶ Among different dimensions of the customer value package which one of the dimension represents that Banking is a service business with no tangible products but still it needs actual delivery in certain items? Deliverable
- ▶ Which of the following customer interface refers to the way the firm "goes to the market", how it actually reaches the customers? Fulfilment and Support
- ▶ Their low-balance customers are happy using self-assisted channels, what is required by High-balance customers? They need experienced branch staffers
- ▶ Any act or attempted act to disguise the source of money or assets derived from criminal activity is known as Money laundering
- ▶ Reputational risk that negatively affect the reputation and standing of banks is known as:
- ▶ Right to basic need does not include? Healthy environment
- ▶ How outsourcing has become significant in recent past? Because various core activities are being handled by outside vendors

- ▶ Dealing with Variability is a central challenge in making a service offering profitable.
- ▶ Customers who are not a natural fit with the company and who are not happy anyway are categorized as Unhappy and unprofitable
- ▶ Which of the following principle of bank ensure that the information provided to the customers are up-to-date? Reliability
- ▶ Why low income consumers are generally more willing to accept an unfamiliar product? It carries a well-known brand
- ▶ The personal financial plan specifies the financial decisions that result from your personal financial planning.
- ▶ Which of the following is the least likely way that you may benefit from having an understanding of personal finance? Becoming the president of a large national bank
- ▶ An opportunity cost represents what you give up as a result of making an alternative decision:
- ▶ A plan for working at a major brokerage firm is not a key component of a complete financial plan:
- ▶ Your net worth is (are) the value of what you own minus the value of what you owe.
- ▶ Liquidity is access to funds to cover any short-term cash deficiencies.
- ▶ Having a higher level of future wealth (from more savings) requires you to sacrifice by having a lower level of spending today:
- ▶ Retirement planning involves determining how much you should set aside each year for retirement and how you should invest those funds in the short term.
- ▶ Which pieces of information will not be needed to ascertain the break-even volume level? Total direct costs
- ▶ With fixed overheads at £16,000 per period, the variable cost at £7.50 per unit and each unit sold for £10, we can infer that the break-even point is? 6,400 units
- ▶ Which of the following would increase the level of output that needed to be sold to reach break-even? Fixed overheads increased
- ▶ Contribution can be best expressed as? The difference between selling price and variable cost per unit
- ▶ An increase in the value of a sunk cost would have which of the following effects on investment appraisal calculations? Have no effect
- ▶ Which of the following would be classified as a sunk cost? Market research costs for decision on whether to launch new product or not
- ▶ The discount rate that results in an NPV of zero is known as? Internal rate of return
- ▶ Interest on a debt of £500 is to be charged at 8% per annum. If the debt is repaid after 120 days then the interest on this amount would be equal to? £13.15
- ▶ Interest on a debt of £500 is to be charged interest at 8% per annum. However, £200 must be paid after six months and the balance plus the interest at the end of the year. In this case, the APR would be 10%
- ▶ The number of units in excess of the break-even point is otherwise known as Margin of safety
- ▶ Which of the following is most unlikely to be a fixed cost? Raw materials
- ▶ An investment which gives the holder a regular income in return for one initial payment may be known as an Annuity
- ▶ With fixed overheads at £34,000 per period, the variable cost at £9 per unit and each unit sold for £16 we can infer that the break-even point is 4,858 units.

- ▶ If the selling price were increased by 25% then the break-even level would now be 10,715 units.
- ▶ Which of the following is most likely to be a fixed cost? Directors remuneration
- ▶ Interest on a debt of £2,000 is to be charged interest at 8% per annum. However, £500 must be paid after six months and the balance plus the interest at the end of the year. In this case, the APR would be? 9.1%
- ▶ Which of the following would increase the break-even output level? Higher production costs per unit of output.
- ▶ Which of the following would be used in a capital investment decision? How long the project will last for when using ARR
- ▶ If your income exceeds the amount that you wish to spend, you should increase your investments or repay existing loans.
- ▶ The financial plan of a person in a different financial position than yourself would be different from or the same as your financial plan, depending on the person's financial goals
- ▶ An appropriate financial plan will probably not be influenced by one's an appropriate financial plan will probably be influenced by all of the above
- ▶ When selecting the financial plan that will best enable you to achieve your goals, you may choose a different financial plan than an individual in the same financial position
- ▶ Which of the following is true regarding the revision of your financial plan? Your financial goals may have to be reduced if you are unable to maintain the plan for achieving a particular level of wealth
- ▶ If you give something up as a result of making a decision, you are incurring an opportunity cost
- ▶ Financial advisers? may advise you to make investments that are designed to give them high commissions
- ▶ When constructing a budget, it is helpful to use a personal cash flow statement, which measures a person's cash inflows and cash outflows
- ▶ Your personal consumption behavior is not a key factor affecting your cash inflows.
- ▶ Job opportunities for which there is a low demand probably pay low salaries:
- ▶ A cash flow statement that is based on forecasted cash flows for a future time period is referred to as a budget.
- ▶ Firms use budgets to anticipate any deficiencies in funds.
- ▶ Individuals can use budgets to anticipate any deficiencies in funds.
- ▶ Many individuals tend to accurately estimate their cash inflows and underestimate their cash outflows.
- ▶ A positive difference between actual cash flows and forecasted cash flows means that the actual cash flow level exceeded the forecast.
- ▶ If you do not budget for unexpected expenses in a given month, you will likely experience lower net cash flows than expected over time:
- ▶ Household assets include items normally owned by a household, such as a home, a car, and furniture.
- ▶ Bonds is (are) certificates issued by borrowers (typically, firms and government agencies) to obtain long-term funds.

- ▶ Sarah Evans has total assets of \$10,000, including a car that is currently worth \$1,500. Sarah's liabilities total \$5,000. Based on this information, Sarah's net worth is \$5,000
- ▶ Now assume that Sarah purchases a new one that costs \$25,000. To do so, she trades in her old car, writes a check for \$5,000 and finances the remainder of the cost with a five-year loan. Based on this information, Sarah's net worth now is \$5,000
- ▶ To determine the proportion of disposable income you save, you would probably calculate the savings rate
- ▶ Mutual funds sell shares to individuals and invest the proceeds in investment instruments such as bonds or stocks.
- ▶ Gross national product is the term used to describe which of the following? The level of national income produced
- ▶ Which of the following illustrates the limitations of GNP in highlighting economic progress? Increased pollution due to higher economic activity
- ▶ In an ordinary annuity, payments are made or received at the end of each period.
- ▶ Given a positive interest rate, the future value of a given sum will always be greater than the present value of the sum.
- ▶ When finding the present value of a future value or the present value of an annuity, the higher the interest rate, the lower the present value.
- ▶ Individuals with short-term funds would probably not invest them in corporate bonds
- ▶ When the U.S. government wants to spend more money than it receives in taxes, it can obtain additional funds by selling Treasury securities.
- ▶ Credit (default) risk is the risk that a borrower will not repay on a timely basis.
- ▶ Which of the following money market investments is probably the least liquid? CDs
- ▶ Treasury bills are purchased at a discount relative to par value.
- ▶ Short-term debt instruments issued by large corporations are called commercial paper.
- ▶ Which of the following is the most liquid? Checking account
- ▶ Liquidity risk is the potential loss that could occur as a result of converting an investment to cash.
- ▶ In general, money market securities that have shorter maturities have less interest rate risk.
- ▶ Generally, yields are higher for securities that are exposed to more liquidity risk.
- ▶ A common stock is not a money market investment.
- ▶ A certificate of deposit offered by a depository institution specifies a minimum amount that must be invested, a maturity date on which the deposit matures, and an annualized interest rate.
- ▶ If you want to cash in a CD without being charged by your bank, you can wait until it matures.
- ▶ A company's is (are) potentially the most effective instrument of good corporate governance? board of directors
- ▶ The Sarbanes-Oxley Act of 2002 (SOX) was largely a response to a series of corporate scandals involving Enron, WorldCom, Global Crossing, Tyco and numerous others.
- ▶ Sustainability refers to meeting the needs of the present without compromising the ability of future generations to meet their own needs.

- ▶ "Shareholder wealth" in a firm is represented by the market price per share of the firm's common stock
- ▶ The long-run objective of financial management is to maximize the value of the firm's common stock.
- ▶ Which of the following illustrates the limitations of GNP in highlighting economic progress? New shopping complex increases congestion for commuters
- ▶ Why is Current Cost Accounting less relevant in the UK in the 21st century? Low and stable inflation rates
- ▶ The most commonly applied method of asset valuation is historical cost
- ▶ The progress made on social matters by an individual organisation is normally called social responsibility
- ▶ What term is used to describe increase in the price level? Inflation
- ▶ A machine was purchased for £75,000 when the price index was 120. If the value of the machine at a later date was £100,000 then what would the price index be at this later date? 160
- ▶ The revenue received from the sale of an asset less any costs associated with the sale can be otherwise known as Net realisable value
- ▶ The income of the nation is known as Gross National Product
- ▶ Human resource accounting attempts to place a value on The whole workforce
- ▶ Deprival value is the lower of replacement cost and whatever is highest out of net realisable value and Economic value
- ▶ Which of the following users of official statements is internal? Management
- ▶ Which of following is an example of functional budget? Production budget
- ▶ The amount by which the actual sales volume surpasses the break even sales volume is known as Margin of safety
- ▶ A plan quantified in monetary terms in advance of a defined time period and usually showing planned income and expenditure and the capital employed to achieve a given objective is called? Budget
- ▶ The difference between Budget and actual is called Variance
- ▶ The overall summary budget encompassing all the individual budgets is called as? Master budget
- ▶ A budget which, by recognising the difference in behaviour between fixed and variable costs in relation to fluctuations in output, turnover or other factors, is designed to change appropriately with such fluctuations? Flexible budget
- ▶ A benefit of having a standard costing system would not include? Allows creative input into budgeting decisions
- ▶ Amounts each person may subtract from income in order to arrive at taxable income is calls Personal allowances. The value of each allowance is set by Parliament following the Budget each year? Budget
- ▶ A plan expressed in financial terms may also be known as a? Budget
- ▶ If annual consumption is 900 units, the cost of reordering is £8 and the storage and holding cost per unit is £4 then the economic order quantity would be? 60 units
- ▶ Advantages of maintaining cash budgets would not include? Debtors can be paid more quickly

- ▶ If the economic order quantity is 300 units, the cost of reordering is £90 and the storage and holding cost per unit is £12, then the annual consumption of units must be? 6,000 units
- ▶ Which of the following would be found in a cash budget? Capital expenditure
- ▶ If annual consumption is 2,500 units, the cost of reordering is £100 and the storage and holding cost per unit is £2, then the economic order quantity would be? 500 units
- ▶ Which type of budgeting provides for analysis of alternative methods of operation and various levels of effort? Zero-based budgeting
- ▶ Zero-based budgeting places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources
- ▶ A forecast set of final accounts is also known as Master budget
- ▶ The acronym OPT in budgeting would refer to Optimised production technology
- ▶ Net cash flow can be calculated by Cash inflows less cash outflows
- ▶ Differences between cash and profit can be explained by which of the following? Cash drawings
- ▶ A problem for a firm of maintaining high stock levels would not include? Meet unexpected demand
- ▶ If annual consumption is 150,000 units, the cost of reordering is £250 and the storage and holding cost per unit is £48, then the economic order quantity would be? 1,250 units
- ▶ A system where stocks are not held until they are needed is known as? Just in time
- ▶ If annual consumption is 4,000 units, the cost of reordering is £1,000 and the storage and holding cost per unit is £25 then the economic order quantity would be? 566 units
- ▶ If annual consumption is 9,000 units, the cost of reordering is £120 and the storage and holding cost per unit is £1.50, then the economic order quantity would be? 1,200 units
- ▶ Which of the following budgets should be produced first? Sales budget
- ▶ Budget documents classify total revenue expenditure into plan and non-plan expenditure. The main items of non-plan expenditure are interest payments, defense services, subsidies, salaries and pensions.
- ▶ According to survey, the food inflation mainly driven by Cereal Prices
- ▶ If we deduct grants for creation of capital assets from revenue deficit, we arrive at the concept of effective revenue deficit
- ▶ The Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement
- ▶ The Annual Financial Statement or the Statement of the Estimated Receipts and Expenditure of the Government of India in respect of each financial year is popularly known as the Budget
- ▶ In the broadest sense, a budget is an allocation of money for some purpose. The word once used to mean "pouch" or "purse"; a Budget therefore is "what's in the pouch."
- ▶ Budgeting as an activity ranges in extent from managing household finances on up to the preparation of the Budget of the Pakistan, undertaken yearly by Parliament

- ▶ Budgeting has always been part of the activities of any business organization of any size, but formal budgeting in its present form, using modern budgeting disciplines, emerged in the 20th Century as the numerical underpinning of corporate planning
- ▶ A budget in which receipts are equal to or greater than outlays in a fiscal period is called Balanced Budget
- ▶ The fiscal year for which the budget is being considered; the fiscal year following the current year is called? Budget Year
- ▶ Which of the followings are Expenditures of Budget? Current Expenditure & Development Expenditure
- ▶ According to constitution of Pakistan a Money Bill originates in the National Assembly
- ▶ When a Money Bill, including the Finance Bill containing the Annual Budget Statement, is presented in the National Assembly, a copy thereof shall be transmitted to the Senate which may, within Fourteen days make recommendations thereon to the National Assembly.
- ▶ The National Assembly shall, consider the recommendations of the Senate and after the bill has been passed by the Assembly with or without incorporating the recommendations of the Senate, it shall be presented to the President for assent
- ▶ If any question arises whether a Bill is a Money Bill or not, whose decision is final? Speaker of the National Assembly
- ▶ Every Money Bill presented to the President for assent shall bear a certificate under the hand of the Speaker of the National Assembly that it is a Money Bill, and such certificate shall be conclusive for all purposes and shall not be called in question.
- ▶ According to constitution of Pakistan the Federal Government in respect of every financial year, cause to be laid before the National Assembly a statement of the estimated receipts and expenditure of the Federal Government for that year this statement is referred to as the Annual Budget Statement
- ▶ There are how many dominant forms of budgeting? Two forms of budgeting
- ▶ The two dominant forms of budgeting are traditional budgeting and Zero-based budgeting
- ▶ Traditional budgeting is based on a review of historical performance and then the projection of such findings to the future with modifications. If inflation is high, for instance, cost trends of the last several years are projected forward but with adjustments both for inflation and for projected growth or decline in business activity.
- ▶ Zero-based budgeting is the creation of a completely new budget from the ground up—as if no history existed. When using this method, the operation must justify and document every item of expenditure and income anew. Brand-new operations will utilize zero-based methods.
- ▶ Which phrase is normally applied to situations where, at the end of a calendar or fiscal year, a public entity turns out to have spent more money than it has been able to collect in taxes, fees, and other impositions? Budget Deficit
- ▶ When a governmental entity has revenues from taxes, fees, and other impositions which exceed its budgeted outlays, it is said to have a Budget Surplus
- ▶ When a business under-spends its budget but all else remains the same, i.e., sales are at projected levels, it is said to have Improved profits rather than experienced a surplus.

- ▶ A cash budget for the six months ended 30 September 2013 shows an anticipated overdraft of approximately Rs. 9,500. Which of the following would reduce the expected overdraft? Assets being leased, rather than purchased for cash, in 2013.

If goods are sold at a gross profit margin of 40%, and goods are replaced as soon as they are sold, the amount payable to suppliers in March 2012, will be £12,000.

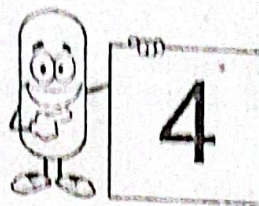
- ▶ If the price elasticity of demand is unit then a fall in price? Leaves revenue unchanged
- ▶ If demand is price inelastic? An increase in price increases revenue
- ▶ A supply curve that starts at the origin has? A price elasticity of supply equal to one
- ▶ If demand increases in a market this will usually lead to? A higher equilibrium price and output
- ▶ An increase in income will? Shift the demand curve
- ▶ A reduction in the costs of production will? Shift the supply curve
- ▶ A subsidy paid to producers? Shifts the supply curve
- ▶ Profit is measured by? Revenue - total costs
- ▶ When marginal revenue equals marginal cost? There is the biggest positive difference between total revenue and total cost
- ▶ Interest rates are not involved with fiscal policy
- ▶ Which does the government not control directly? Firms' investment decisions
- ▶ "Reducing inflation is a more important objective than economic growth" is an example of? Normative economics

- ▶ Injections include investment and export spending
- ▶ An increase in national income is? Likely to increase spending on imports
- ▶ An increase in national income is likely to? Worsen the balance of trade
- ▶ A significant increase in the government budget deficit is likely to? Boost aggregate demand
- ▶ If injections are greater than withdrawals? National income will increase
- ▶ For equilibrium in an open four sector economy? Actual injections = actual withdrawals
- ▶ A deflationary policy could include? Reducing government spending
- ▶ A reflationary policy increases aggregate demand
- ▶ Which of the following is an injection into the economy? Investment
- ▶ Gross National Product equals? Gross Domestic Product plus net property income from abroad
- ▶ Net National Product equals? Gross National Product minus depreciation
- ▶ The standard of living is often measured by? Real GDP per capita
- ▶ In a recession growth is negative
- ▶ In a boom shortages may occur
- ▶ GDP plus net property income from abroad equals what? GNP
- ▶ To adjust GDP from market prices to factor cost? deduct indirect taxes and add subsidies
- ▶ To adjust from Gross National Product to Net National Product? Deduct depreciation
- ▶ In a recession a government is likely to want to increase demand in the economy

- ▶ A higher GDP per capita may not mean that the quality of life has really improved because it is only measured every five years
- ▶ In a recession, GDP? Grows negatively
- ▶ Potential growth measures? The rate of growth that could be achieved if resources were fully employed
- ▶ When an economy first begins to grow more slowly? Stock levels are likely to increase
- ▶ An increase in investment is most likely to be caused by? Lower interest rates
- ▶ An outward shift in the Marginal Efficiency of Capital should? Increase aggregate demand
- ▶ An increase in interest rates? Leads to a movement along the MEC schedule
- ▶ The accelerator assumes? There is a constant relationship between net investment and the rate of change of output
- ▶ Investment depends mainly on? Future expected profits
- ▶ A profit maximising firm will invest up to the level of investment where? The cost of borrowing equals the marginal efficiency of capital
- ▶ Investment is an injection that increases aggregate demand
- ▶ Investment is an unstable element of aggregate demand because it depends heavily on? Expectations
- ▶ If an increase in investment leads to a bigger increase in national income this is called the? Multiplier
- ▶ The difference between gross investment and net investment is Depreciation
- ▶ An expansionist fiscal policy could include? An increase in discretionary government spending
- ▶ If the economy grows the government's budget position will automatically? Improve
- ▶ Fiscal drag occurs when? Tax bands do not increase with inflation
- ▶ The marginal rate of tax paid is?  $\frac{\text{Change in the tax paid}}{\text{change in income}}$
- ▶ A fall in interest rates is likely to increase aggregate demand
- ▶ The speculative demand for money occurs when individuals hold money rather than other assets because they are worried about the price of the other assets falling
- ▶ Demand pull inflation may be caused by? a reduction in interest rate
- ▶ Inflation? reduces the purchasing power of a pound
- ▶ An increase in injections into the economy may lead to an outward shift of aggregate demand and demand pull inflation

## اردو کیپسول بھی دستیاب ہے

- ◀ جاسوسی ناول کا آغاز کس نے کیا؟ ابن صفی
- ◀ فاختہ اڑانا کے معنی ہیں عیش و عشرت کرنا
- ◀ قلعی کھل جانے کے معنی ہیں عیب ظاہر ہو جانا
- ◀ اردو کی پہلی گرامر کا نام بتائیں؟ دریائے لطافت
- ◀ اردو کے پہلے ناول نگار کا نام بتائیں؟ ڈپٹی نذیر احمد
- ◀ قبر میں پاؤں لٹکائے بیٹھنا کے معنی ہیں مرنے کے قریب ہونا
- ◀ کشیدہ خاطر ہونا کے معنی ہیں انداڑ ہونا
- ◀ کشتوں کے پتے لگ جانے کے معنی ہیں لاشوں کا ڈھیر لگ جانا
- ◀ تین رنگ کے مصنف کا کیا نام ہے؟ میراجی
- ◀ برزخ کے مصنف کا کیا نام ہے؟ امجد اسلام امجد
- ◀ فشار کے مصنف کا کیا نام ہے؟ امجد اسلام امجد
- ◀ عبدالرحمن بجنوری لکھتے ہیں کہ ہندوستان کی الہامی کتابیں دو ہیں ”وید مقدس“ اور ”دیوان غالب“
- ◀ مولانا اسماعیل میرٹھی، 12 نومبر 1844 عیسوی کو میرٹھ میں پیدا ہوئے۔
- ◀ علامہ اقبال کی کس کتاب کا آرتھر جے آر بیرلی نے انگریزی میں ترجمہ کیا؟ جاوید نامہ کا
- ◀ اقبال نے جاوید نامہ کتاب میں اپنے آپ کو زندہ رود کے نام سے متعارف کروایا ہے۔
- ◀ علامہ اقبال نے جاوید نامہ میں سو کے قریب شخصیات کا ذکر کیا ہے
- ◀ منوبھائی نے 19 جنوری 2018ء کو 84 سال کی عمر میں لاہور میں انتقال کیا۔
- ◀ منوبھائی نے پی ٹی وی کے لیے سونا چاندی، جھوک سیال، دشت اور عجائب گھر جیسے ڈرامے تحریر کیے



- ▶ An increase in aggregate demand is more likely to lead to demand pull inflation if? aggregate supply is perfectly inelastic
- ▶ An increase in costs will shift aggregate supply
- ▶ The effects of inflation on the price competitiveness of a country's products may be offset by a depreciation of the currency
- ▶ Menu costs in relation to inflation refer to costs of money increasing its value
- ▶ In the short run unemployment may fall below the natural rate of unemployment if Nominal wages have risen less than inflation
- ▶ According to the Phillips curve unemployment will return to the natural rate when? Real wages are back at equilibrium level
- ▶ The Phillips curve shows the relationship between inflation and what? Unemployment
- ▶ A fall in the value of the pound is likely to decrease spending on imports if? The price elasticity of demand for imports is price inelastic
- ▶ If the exchange rate is above the equilibrium level? There is excess supply and the exchange rate will fall
- ▶ If the exchange rate is below the equilibrium level? There is excess demand and the exchange rate will rise
- ▶ To prevent the exchange rate rising the government could? Sell its own currency
- ▶ Trade between countries is international trade?
- ▶ Theory of comparative advantage was presented by Ricardo
- ▶ If Japan and Pakistan start free trade, difference in wages in two countries will Decrease
- ▶ Trade between two countries can be useful if cost ratios of goods are Different
- ▶ Modern theory of international trade is based n the views of Heckscher and Ohlin
- ▶ Foreign trade creates among countries? Cooperation
- ▶ Net exports equal? Exports - Imports
- ▶ A tariff Reduces the volume of trade
- ▶ What is a tariff? Tax and imports
- ▶ Dumping refers to sale of goods abroad at low a price, below their cost and price in home market
- ▶ According to Heckscher and Ohlin basic-cause of international trade is Difference in factor endowments
- ▶ Pakistan imports these goods? Machinery, oil, fertilizer
- ▶ Sales Maximisation concept is given by Baumol
- ▶ Micro economic theory is also known as Price Theory
- ▶ Which will cause a change in the demand for good X? A change in the price of X
- ▶ A market demand Schedule for a product indicates that there is an inverse relationship between price and quantity demanded
- ▶ Profit = TR-TC

- ▶ Profit Maximisation goal is suitable for Monopoly and Perfect competition markets
- ▶ Economics is derived from the Greek word OIKONOMIKUS which means House Management
- ▶ Who is assured as father of Economics? Adam Smith
- ▶ Paul. A. Samuelson has defined economics as science of dynamic growth and development
- ▶ Positive Science concern with economics analysis Cause and Effect relationship
- ▶ The existence of both public and private sector enterprises constitutes Mixed economy
- ▶ Capitalism refers to private ownership of capital goods
- ▶ People wants are unlimited
- ▶ The subject matter of economics is to satisfy unlimited wants with limited means
- ▶ Under command economy, activities are guided by government planning
- ▶ Profits is denoted as, which of the following symbol?  $\pi$
- ▶ In economics the central problem is scarcity
- ▶ Utility is measured by value or worth
- ▶ The extra utility from consuming one more unit of a commodity is called Marginal utility
- ▶ If marginal utility is zero Total utility is maximized
- ▶ Economics is a science the basis of this statement does not include theory
- ▶ Which of the following is an economic activity? teacher teaching in the school
- ▶ Sales Maximisation is suitable for oligopoly market
- ▶ Demand is a function of Price
- ▶ When we know the quality of a product that buyers wish to purchase at each possible price, we know Demand
- ▶ A Market demand can be derived by adding all the individual demand curves in parallel
- ▶ Law of demand does not include cost of product
- ▶ For inferior commodities income effect is negative
- ▶ In relatively elastic demand ED is  $E > 1$
- ▶ A relative change in quantity demanded is less than the relative change in money income is — income elasticity? low
- ▶ When prediction about future is based on the assumption that the firm does not change the course of its action is Passive forecast
- ▶ The price elasticity of demand is the an increase in the price of one will increase the decrease for the other
- ▶ people demand more of product X when the price of product Y decreases. This means X and Y are substitutes
- ▶ Derived demand is directly determined by the profitability of using inputs to produce output
- ▶ An increase in consumer income will increase demand for a normal goods but decrease demand for a inferior goods
- ▶ When demand is elastic a rise in price will increase total revenue even though less is sold
- ▶ Demand curve is a downward sloping curve
- ▶ A positive cross elasticity of demand coefficient Indicates that two products are substitutes
- ▶ Forecasts become more accurate with longer time horizons

- ▶ One purpose of short range forecasts is to determine facility location
- ▶ Forecasts are usually classified by time horizon into three categories they are short range, medium range and long range
- ▶ A forecast with a time horizon of about 3 months to 3 years is typically called a medium range forecast
- ▶ Forecasts used for new product planning, capital expenditure, facility location or expansion and R&D typically utilize a long range time horizon
- ▶ The three major types of forecasts used by business organisation are Casual, time series and seasonal
- ▶ The two general approaches to forecasting are? mathematical and statistical
- ▶ Which of the following uses three types of participants: decision makers, staff personnel and respondents? consumer surveys
- ▶ The forecasting model that the opinions of a group of experts or managers is known as jury of executive model
- ▶ Which of the following techniques uses variables such as price and promotional expenditures, which are related to the product demand, to predict demand? exponential smoothing
- ▶ Time-series data may exhibit which of the following behaviours? Trend
- ▶ Gradual long term movement in time series data is called Seasonal variation
- ▶ In samole survey method random technique is adopted
- ▶ car and petrol are complementary goods
- ▶ Tea and coffee are substitutes goods

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- ▶ In cross elasticity of demand, for unrelated goods the demand curve will be vertical line
- ▶ The total outlay method explains the relationship between price and expenditure
- ▶ Supply is a function of a hyperbola
- ▶ The supply of a product does not depend on consumers tastes
- ▶ Passive factor of production is both land and capital
- ▶ External Economics views on reducing the production costs
- ▶ Which factor of production is considered as fixed input? land
- ▶ The supply of a product does not depend on consumers tastes
- ▶ profit is the remuneration for organization
- ▶ labour input factor is divided as skilled, semiskilled, unskilled
- ▶ In the Law of variable proportion when TP is maximum then the  $MP = MP=0$
- ▶ Cobb Douglas production function mainly studies? capital and labour
- ▶ Marginal cost is defined as? change in total cost due to change in output
- ▶ fixed budget is a rigid budget
- ▶ The cost with which the concept of marginal cost is closely related? variable cost
- ▶ Opportunity cost is also known as alternative cost
- ▶ book cost costs are business costs which do not involve any cash payments but for them a provision is made in accounts
- ▶ The vertical difference between TVC and TC is equal to TFC
- ▶ The costs that depend on output in the short run are total variable costs only

- ▶ In the short run as economists use the phrase is characterised by at least one fixed factor of production and firms neither leaving nor entering the industry
- ▶ A graph showing all the combination of capital and labour available for a given total cost is the isoquant
- ▶ The formula for average fixed costs is  $TFC/Q$
- ▶ Implicit costs are payments for self employed resources
- ▶ The short run is a time period in which all resources are fixed
- ▶ When the total product curve is falling, marginal product curve is negative
- ▶ Variable costs are Cost that change with the level of production
- ▶ Money paid to an unskilled labour is called Wages
- ▶ Marginal cost curve cuts the average cost curve at its lowest point
- ▶ An LAC curve is not known as plant curve
- ▶ Marginal cost means addition to the total cost
- ▶ In case of oligopoly, number of firms is few
- ▶ What are homogenous products? Undifferentiated products
- ▶ A distinguishing characteristic of monopolistic competition is product differentiation
- ▶ If firms can neither enter nor leave an industry, the relevant time period is the Short run
- ▶ Imperfect competition was introduced by Chamberlin
- ▶ In perfect competition equilibrium is attained when  $MR=MC$
- ▶ kinked demand curve is associated with Sweezy
- ▶ The upper portion of the kinked demand curve is relatively More elastic
- ▶ Concentration of monopoly is implemented under MRTTP
- ▶ Cartel is a part of Oligopoly
- ▶ While determining equilibrium of firm in short run for perfect competition, the X-axis in the diagram represents Output
- ▶ The monopolist can fix any price for his product, but cannot determine Demand for his product.
- ▶ The primary objective for discriminating monopolist is Profit maximization
- ▶ A monopolistic competitive firm sells Differentiated products.
- ▶ Life insurance business in India is an example of oligopoly
- ▶ A firm shut-down point is reached when average revenue fails to cover average variable cost.
- ▶ In a perfectly competitive market, the firm will be a price taker
- ▶ Equilibrium implies a state of rest
- ▶ A marginal buyer is the one who, if the price is increased a little is the first to go out of the market
- ▶ The following industry often is a monopoly? Electric power industry
- ▶ Under perfect competition, rivalry is very personal and direct, advertising being important
- ▶ A monopolistic firm will expand its output when marginal revenue exceeds marginal cost
- ▶ A monopolist will never produce at a point where marginal cost is increasing
- ▶ Which of the following best defines price discrimination? selling a certain product of given quality and cost per unit at different prices to different buyers
- ▶ Which one is not collusive oligopoly market sharing cartel

- ▶ In an oligopolistic market, there are few sellers and large number of buyers
- ▶ The essential aspects of oligopoly is mutual recognition of interdependence
- ▶ The kinked demand curve in Sweezy oligopoly model emerges due to assumption that when one seller decreases his price others follow but when he increases his price others do not follow
- ▶ Under perfect competition firms do not engage in price-war because number of firms under the same is very large
- ▶ The equilibrium of a firm occurs when  $MC=MR$
- ▶ A Firm Shut-down point is reached when average revenue fails to cover average variable cost
- ▶ In a perfectly competitive market the firm will be a price taker
- ▶ The Kinked demand curve in Sweezy's oligopoly model emerges due to assumption that when one seller decreases his price others follow but when he increases his price do not follow
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- ▶ Equilibrium implies a state of rest
- ▶ A marginal buyer is the one who, if the price is increased a little is the first to go out of the market
- ▶ A recession is A period during which aggregate output declines
- ▶ Business cycle also known as trade cycle
- ▶ The main aim of monetary policy is to regulate cost and credit, to control inflation & control foreign exchange
- ▶ Bank rate is also known as lending rate
- ▶ One negative aspect of a business cycle boom is government budget deficits
- ▶ According to monetarists the Great Depression in the United States largely resulted from excessive imports relative to exports
- ▶ The study of ups and downs in economics is Business Cycle
- ▶ The phases of business cycle are Boom and Recession & Depression and Recovery
- ▶ In the Boom phase, demand, output, employment and income are a high level
- ▶ Recession Starts when there is a downward descend from the peak which is for a short duration
- ▶ During Depression there is a general decline in economic activity
- ▶ The measures to control business cycle are Monetary policy, Fiscal Policy & Direct controls
- ▶ The taxation and public expenditure policy is known as Fiscal Policy
- ▶ When national income of a country is calculated in terms of constant prices, it is called as GNP at constant prices
- ▶ Demand pull inflation is the result of Increase in money supply
- ▶ Inflation means More money less value
- ▶ Deflation means less money high value
- ▶ When the rise in price is very slow like that of a creeper it is called Creeping Inflation
- ▶ The instruments of monetary policy are Qualitative and Quantitative
- ▶ Articles of association are mandatory
- ▶ What are the total sections in the Companies Ordinance, 1984? 514

- ▶ What are the total sections in the Companies Ordinance, 1984? 8 Schedules
- ▶ The Companies Ordinance, 1984 extends to the whole Pakistan
- ▶ Articles means the articles of association of a company as originally framed or as altered in accordance with the provisions of any previous Companies Act, or of this Ordinance, including, so far as they apply to Companies Ordinance, 1984
- ▶ Company limited by guarantee and "associated undertakings" mean any two or more companies or undertakings, or a company and an undertaking, interconnected with each other
- ▶ "Body corporate" or "corporation" includes a company incorporated? Outside Pakistan
- ▶ Documents which are maintained on paper or computer network, floppy, diskette, magnetic cartridge tape, CD-Rom or any other computer readable media are also included in book and paper
- ▶ Commission means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997
- ▶ Company means a company formed and registered under the Companies Ordinance, 1984 or an existing company
- ▶ A company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them is called? Company limited by shares
- ▶ A company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its winding up is called? Company limited by guarantee
- ▶ A company which is not a private company is called? Public company
- ▶ A company or a body corporate or other body whose securities are listed is called? Listed company
- ▶ Debenture includes debenture stock, bonds, 2[term finance certificate] and any other securities, other than a share, of a company, whether constituting a charge of the assets of the company or not:
- ▶ Holding company means a holding company as defined in Section 3 of the Companies Ordinance, 1984
- ▶ "Listed" in relation to securities, means securities which have been allowed to be traded on a Stock exchange
- ▶ Memorandum means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of the provision of any previous Companies Act or of this Ordinance;
- ▶ Such redeemable capital as is entitled to participate in the profit and loss of a company is called Participatory redeemable capital
- ▶ Any share, scrip, debenture, participation term certificate, modaraba certificate, musharka certificate, term finance certificate bond, pre-organization certificate or such other instrument as the Federal Government may, by notification in the official Gazette, specify for the purpose is called Security
- ▶ Share in the share capital of a company is called Share
- ▶ A resolution which has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy at a general meeting of which not less than twenty-one days notice

- specifying the intention to propose the resolution as a special resolution has been duly given is called? Special resolution
- ▶ If all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days notice has been given
- ▶ "Stock exchange" means a stock exchange registered under the Securities and Exchange Ordinance, 1969
- ▶ Articles of association are for? Internal affairs of a company
- ▶ In Pakistan the companies are registered under? Companies ordinance, 1984
- ▶ A company is formed by? Promoters
- ▶ A company is managed by Directors
- ▶ The word limited should be after the name of Registered company
- ▶ For an associated company, minimum no of shares which should be directly or indirectly controlled by a person? 20%
- ▶ If a company or undertaking is subsidiary of another then it is? Associated company
- ▶ Ordinary shares are also called? Equity shares
- ▶ Deferred shares are generally issued to? Promoters
- ▶ According to Pakistan companies ordinance, 1984 the amount to those applications who were allotted no shares should be refunded within? Ten days
- ▶ The minimum members in private limited company are? 2
- ▶ The minimum members in public limited company are? 7
- ▶ The maximum number of members in private limited company are? 50
- ▶ The maximum number of members in public limited company are? Unlimited
- ▶ Discount on share is shown in the balance sheet as an? Asset
- ▶ Share premium is shown in the balance sheet as an? Liability
- ▶ According to the Pakistan companies ordinance, 1984, the shares can be issued payable? In full on application
- ▶ The person who takes the risk of issuing shares are known as? Under writers
- ▶ A private company has to provide in its articles? For restricting transfer of its shares
- ▶ A prospectus for shares can be issued only by? Public Ltd. Co
- ▶ Share premium money can be used for? Issue of fully paid bonus shares
- ▶ Discount on issue of shares account being a loss of? Capital
- ▶ Share capital in the balance sheet is shown under? Liability
- ▶ Preliminary expenses is? Fictitious asset
- ▶ Debenture holders are Creditor
- ▶ Debenture holder receive? Fixed interest
- ▶ Debenture can be issued at discount & premium
- ▶ A limited company can issue shares at a discount not exceeding 10%
- ▶ Memorandum of association of private limited company is signed by Promoters
- ▶ A private invitation to the public to purchase the shares of company is called Prospectus
- ▶ A document which gives the company's relationship with outside world is called? Memorandum of association

- ▶ A document which contains the rules and regulations for the internal management of the company is called? Articles of association
- ▶ The official signature of a company is called Common seal
- ▶ Joint stock company is an artificial person created by Law
- ▶ The company is managed by the group of persons known as Board of directors
- ▶ A share of public company is Transferable
- ▶ A particular amount of money used in business for the purpose of earning profit revenue is known as Capital
- ▶ The power of the company are governed by the? Memorandum of association
- ▶ Capital of the company is fixed by? Memorandum
- ▶ Association is not for profit is registered under companies ordinance? Section 42
- ▶ Audit of the accounts of company is? Compulsory
- ▶ Total amount of capital in case of company is divided into small units, these units are called? Shares
- ▶ The value of share as quoted on stock exchange, is said to be market value
- ▶ Distribution of earning to the shareholder rest with board or directors, are called? Dividends
- ▶ Discount on issue of share account being a loss of? Capital
- ▶ Normally discount on issue of share should not exceed? 10%
- ▶ Debentures are also termed as? Bonds
- ▶ A body corporate or corporation is a company? Incorporated outside the Pakistan
- ▶ Official gazette is a Official newspaper
- ▶ Book and paper or books of account are same
- ▶ If a company is incorporated before 1984, then it is Existing company
- ▶ Company limited by shares means a company having the liability of its members? Limited to the amount, if any, unpaid on the shares respectively held by them
- ▶ Debentures are Debt securities & Equity securities
- ▶ Any person occupying the position of a director is director
- ▶ Summons, notice, requisition, etc are Documents
- ▶ Financial year is Period in respect of which any profit & loss account is prepared
- ▶ Holding company means a company as defined in section? 3
- ▶ If a person has any share, scrip or other security which gives him a voting power/right becomes Member
- ▶ Every shareholder is Member of company
- ▶ If a company restricts to transfer its shares, then it is Private company
- ▶ Private company limits the number of its members to 50
- ▶ When two or more persons hold one or more shares in a company jointly, they will be treated as Single member
- ▶ If an advertisement invites public for the subscription or purchase of any shares, it is Prospectus
- ▶ Redeemable capital Not based on interest
- ▶ The person who is the member of such partnership, which has more than 20 members should be punished with fine which may extend to 5 thousand

- ▶ Any (three) or more persons associated for any law purpose subscribing their names to memorandum of association & complying with companies ordinance will form Public company
- ▶ Any minimum requirement of association for a private company is 1
- ▶ In memorandum the name of company as private will be written as? (private) limited
- ▶ In memorandum; no subscriber of the memorandum shall take less than? 1 shares
- ▶ A partnership or association consisting of more than twenty persons is? Illegal
- ▶ Each subscriber of the memorandum shall write opposite to his name? The number of shares
- ▶ In case of memorandum of company limited by guarantee; each member undertakes to contribute to the assets of the companies or after? 1 year after payment of debts
- ▶ Transfer of property means? Transfer of ownership
- ▶ The memorandum and articles shall when registered, bind the company and members thereof to the same extent if they respectively have been? Signed
- ▶ All money payable by any member to the company under the memorandum or articles shall be a Debt
- ▶ On the registration of the memorandum of a, the registrar shall certify by hand that the company? Registered
- ▶ Proof of the existence of the company is? Certificate of incorporation
- ▶ Every company shall send to every member, at his request, copies of memorandum and articles within? 14 days
- ▶ As in the case section 6 a person having the right to participate in the profits of the company otherwise as the member shall be? Void
- ▶ A prospectus issued should be? On the behalf of company
- ▶ The on which prospectus is issued and that date, unless the contrary is proved be taken as? Date of publication
- ▶ Every prospectus issued by or on the behalf of company or by or on the behalf of the person who has engaged or interested in the? Formation of the company
- ▶ Prospectus published should be? One Urdu and one English newspaper
- ▶ No prospectus shall be issued or an advertisement of a prospectus in newspaper less than before subscription lists? 7 days
- ▶ The maximum period of issue of prospectus before subscription list? 30 days
- ▶ Balance sheet audit is synonymous to annual audit
- ▶ Audit in depth is synonymous for detailed audit
- ▶ Downloading goods or services from foreign countries for the purpose of manufacturing goods and services can be termed as Importing
- ▶ The shares or debentures which were not offered to public, the application form without prospectus; the shares or debentures can be? Issued
- ▶ All moneys received from applicants for shares shall be deposited and kept in a separate? Bank account
- ▶ All moneys received from applicants for shares shall be deposited and kept in a separate bank account until? The certificate to commence business is obtained

- ▶ The amount payable on application on each share shall be the full? Nominal amount of the shares
- ▶ If such money is not repaid within 40 days after the issue of prospectus:
- ▶ The money received in excess of minimum subscription is required to be? Refunded
- ▶ One of the easy ways to manage a product life cycle is International business
- ▶ The term Spin-off refers to the increase in purchase behaviour of a customer or consumer seeing that a particular company occupies major part of its sale in foreign country.
- ▶ A Push strategy is a promotion strategy that calls for using the sales force and trade promotion to move the product through channels.
- ▶ A Most Favored nation status does not necessarily refers to Uniform civil code
- ▶ Idea screening is screening new-product ideas in order to spot good ideas and drop poor ones as soon as possible.
- ▶ The basic objective of export Promotion Council is to promote and develop the exports of the country
- ▶ What is EO? Export Obligation
- ▶ Cost plus pricing is Pricing by calculating the cost of production and adding on a margin
- ▶ FOB Means Free On Board
- ▶ Arabia & Robusta is famous for Coffee in exports.
- ▶ What does GATT mean? General Agreement on Trade & Tariff
- ▶ GATT was set up on October 30th 1947 in Geneva
- ▶ Export means selling the home country's goods service in foreign country.
- ▶ WTO is the global body dealing with trade between nations.
- ▶ Airway bill documents are also known as transport documents.
- ▶ Bill of lading is issued when goods are shipped using ocean transport
- ▶ The certificate issued by the EIA after conducting the pre-shipment inspection is Certificate of Inspection
- ▶ Once the goods are received on board the ship the master of the ship issues a document called Mates receipt
- ▶ Rice contributes to major export turnover of our country:-
- ▶ In which year Washington adopted bar value system? 1946
- ▶ The simplest sense of business activity that transcends national boundaries is known as International Business
- ▶ GDP refers to Gross domestic Product
- ▶ ECGC refers to export credit Guarantee Corporation
- ▶ How many copies of shipping bills are required during shipping? 5
- ▶ The growth of global economy is very essential for healthy growth of an International Trade & export
- ▶ Exports are generally classified into traditional product and Cosmetic Products
- ▶ Exporting is the process of Earning
- ▶ Export is the process of earning money by selling products and services in foreign market.
- ▶ The export proceeds shall be realized in Convertible currency
- ▶ The export promotion scheme with the objective to neutralize the incidence of Customs duty on the import content of the export product is duty Entitlement Passbook

- ▶ The terms of payment where the documents is released to the importer on payment only is documents against payment
- ▶ The authorized person for the decision regarding the penalty for the violation of foreign trade rules is adjudicating authority
- ▶ The person authorized to whom the appeal against the order is made is appellate authority
- ▶ Monetary policy relates to controlling money supply, interest rate and exchange rate
- ▶ The tax is National income
- ▶ Direct Tax is paid by persons who earned income in the relevant previous year.
- ▶ Who is Tax payer? Assessee
- ▶ Embezzlement of cash by a cashier is revenue loss
- ▶ Incomes on which Income tax is not charged are called? exempted
- ▶ Capitalism refers to? private ownership o capital goods
- ▶ Utility is measured by? value or worth
- ▶ Demand is always defined with reference to price
- ▶ Opportunity costs are a result of Scarcity
- ▶ Embezzlement of cash in a money lending business shall be treated as? Revenue loss incidental to business
- ▶ Compensation received for loss of trading asset is a? Capital receipt
- ▶ In Pakistan's foreign trade? Exports are less than imports
- ▶ Since 2005, custom duties have been reduced because of international agreement under WTO
- ▶ Pakistan's exports mainly go to? USA
- ▶ To facilitate foreign trade, Pakistan has established in different cities? Dry ports
- ▶ The balance of payments account of Pakistan is prepared by State Bank of Pakistan
- ▶ The dimension of e-commerce that enables commerce across national boundaries is called global reach
- ▶ E-commerce technologies have improved upon traditional commerce technologies in both richness and reach
- ▶ Compared to B2C e-commerce, B2B e-commerce is much larger
- ▶ The idealistic market envisioned at the outset of the development of e-commerce is called a Bertrand market
- ▶ The primary source of financing during the early years of e-commerce was venture capital funds
- ▶ The type of firms that benefited the most during the consolidation period of e-commerce were large, traditional firms
- ▶ A business model is the set of planned activities designed to result in a profit in a marketplace.
- ▶ The source of revenue in a subscription revenue model is Fees from subscribers in exchange for access to content or services
- ▶ Which of the following is an example of a portal? Yahoo
- ▶ The exchange business model involves an independently owned vertical digital marketplace for direct inputs.
- ▶ Compared to Internet users, the number of cell phone subscribers is much larger
- ▶ Industry structure is defined as the nature of the players in an industry and their relative bargaining power

- ▶ The area of actual or potential commercial value in which a company intends to operate is a market space
- ▶ A perfect market is one in which there are no competitive advantages or asymmetries because all firms have equal access to all the factors to production
- ▶ A situation where there are no differences among products or services, and the only basis of choosing products is price is known as commoditization
- ▶ A strategy designed to compete in all markets around the globe is called a scope strategy.
- ▶ In 1961, Leonard Kleinrock published a paper on "packet switching" networks.
- ▶ The component of TCP/IP that provides the Internet's addressing scheme and is responsible for the actual delivery of packets is IP
- ▶ Which protocol permits users to transfer files from the server to their client computer, and vice versa? FTP
- ▶ Ping is a program that you can run from the DOS prompt in the Windows operating system in order to check the connection between your client and the server.
- ▶ Broadband is generally considered to be any communication technology allowing streaming audio and video at or above 100 Kbps
- ▶ Which of the following connections allows the fastest download speeds? T3
- ▶ Which of the following is a new and disruptive Web feature or service? blogs
- ▶ Internet users account for about 17% of the world's population:-
- ▶ Which of the following was the first commercial Web browser? Netscape Navigator
- ▶ A logical design describes the flow of information at your e-commerce site and the infrastructure that will be used in the system.
- ▶ The largest component of a Web site budget is system maintenance
- ▶ The dominant Web server software is Apache
- ▶ What Web server functionality allows it verify usernames and passwords and process certificates and encryption information? Security services
- ▶ The underlying computing equipment that the system uses to achieve its e-commerce functionality is called a hardware platform
- ▶ Redundant navigation refers to alternative navigation to the same content
- ▶ The set of standards for communication between a browser and a program running on a server that allows for interaction between the user and the server is known as Common Gateway Interface (CGI)
- ▶ The ability to change the product to better fit the needs of the customer is called customization
- ▶ The most common type of Internet crime according to the IC3 is Auction fraud
- ▶ In the e-commerce security environment, which of the following constitutes the inner-most layer? data
- ▶ A worm is designed to spread from computer to computer
- ▶ Malicious hackers who act with the intention of causing harm are Black hats
- ▶ When hackers flood a Web site with useless traffic to overwhelm the network, it is called a Denial of Service (DoS) attack

- ▶ The most widely used encryption standard is Advanced Encryption Standard (AES)
- ▶ The most common form of securing channels is through SSL
- ▶ A security plan begins with a(n) risk assessment
- ▶ The only payment system that is instantly convertible without intermediation is Cash
- ▶ The most prevalent online payment method is credit cards
- ▶ What is the name of the division of the U.S. Department of Homeland Security that coordinates cyber incident warnings and responses across government and private sectors? US-CERT
- ▶ After sending e-mail, which of the following activities is most common among Internet users? using a search engine to find information
- ▶ Opinion leaders influence the behavior of others through their personality, skills, or other factors.
- ▶ A good or service for which there are many dealers supplying the same product, and all products in the segment are essentially identical is known as commodity
- ▶ Complete price transparency in a perfect information marketplace is necessary for the Law of One Price to take effect.
- ▶ A(n) relational database represents data as two-dimensional tables with records organized in rows and attributes in columns.
- ▶ Which of the following market entry strategies are the most common for existing firms? brand extender
- ▶ The process of getting customers to pass along a company's marketing message to friends, family, and colleagues is known as viral marketing
- ▶ The per-product price consumers are willing to pay for a bundle increases as the number of goods in the bundle increases.
- ▶ Creating multiple versions of information goods and selling essentially the same product to different market segments at different prices is called versioning
- ▶ E-business can be defined as digitally enabled transactions and processes within an organization
- ▶ The set of applications and technologies that allow users to create, edit, and distribute content online is known as Web 2.0
- ▶ Which of the following represents a limiting factor for the growth of e-commerce? Persistent cultural attraction of physical markets and traditional shopping experiences
- ▶ The fastest growing form of online advertising is rich media/video ads
- ▶ Which of the following measures the percentage of people exposed to an online advertisement who actually click on the banner? click-through rate
- ▶ When preparing a website, designers should ensure that the site enables user-to-user communication. This design feature is known as community
- ▶ Which of the following is a measure of the percentage of purchasers who return to a Web site within a year? loyalty
- ▶ As consumers become more accustomed to new online advertising formats, click-through rates tend to decrease
- ▶ The ethical principle which states that if an action is not right for all situations, then it is not right for any situation is known as Universalism
- ▶ Privacy is a moral right to be left alone

- ▶ The ability of consumers to review and contest the accuracy and completeness of data collected about them involves which of the following FTC fair information practice principles? Access/Participation
- ▶ The Digital Millennium Copyright Act (DMCA) is the first major effort to adjust the copyright laws to the Internet age.
- ▶ A patent grants the owner an exclusive monopoly on the ideas behind the invention for 20 years.
- ▶ The number of business methods patents granted is substantially smaller compared to the number of patents applied for.
- ▶ The redirection of traffic from a legitimate site to an infringing site is called cyberpiracy
- ▶ During which period of Internet governance was Network Solutions given a monopoly to assign and track high-level domains? Privatization
- ▶ The taxation system for e-commerce sales is best described as complex
- ▶ A website offering content created by third party transparently to customers is an example of Syndication
- ▶ Which of the following is a privacy advocacy group that is a foundation- and business-supported group with a legislative focus? Cdt.org
- ▶ What is the first step in a P3P-enabled transaction? http GET request Web page
- ▶ Which of the following is an industry strategic factor that relates to whether new entrants face a disadvantage when attempting to enter an industry? barriers to entry
- ▶ Companies that have a network of physical stores as their primary retail channel, but also have introduced online offerings are called Bricks and clicks
- ▶ Products are made to prior to orders received based on estimated demand under a supply-push model
- ▶ The major impact of Internet real estate sites is in influencing offline decisions
- ▶ Which of the following is the largest online travel service? Expedia
- ▶ The largest segment in the recruitment business is General job recruitment
- ▶ The majority of job seekers rely on which of the following? Internet and newspapers equally
- ▶ The most popular type of media in terms of total hours of consumption per year is television
- ▶ Which of the following describes paid content's relation to free user-generated content? Free content and paid content can both work in tandem cooperatively
- ▶ The top U.S. online video site is YouTube
- ▶ The online content revenue model in which free content drives offline revenues is called the marketing model
- ▶ The combination of technical and legal means for protecting digital content from unlimited reproduction without permission is known as Digital rights management
- ▶ What is the most commonly offered interactive feature of newspaper Web sites? RSS feeds
- ▶ Which of the following is an advantage of e-books? reduced transaction costs for the user
- ▶ After television, the next largest major player in the commercial entertainment industry is film
- ▶ Technologies that help enhance resolution of e-book reader display screens are known as sub-pixel display technologies

- ▶ Social networking sites primarily earn their revenue through advertising
- ▶ The type of social network described as a community built around a common interest such as games, sports, music, and so on is called? interest-based social network
- ▶ Auction sites like eBay tend to use dynamic pricing.
- ▶ The marketplace for auction sites is best described as dominated by a handful of sites with established networks
- ▶ A dynamically priced market that features few buyers and many sellers is a market that exhibits buyer bias
- ▶ The most popular type of auction on eBay is the English auction
- ▶ Which portal business model best describes Yahoo? general purpose portal
- ▶ Which of the following portal revenue models involves charging for premium content? Subscription fees
- ▶ Which of the following best describes predicted growth in C2C and B2C auction spending? Both types of spending will increase
- ▶ An auction that has multiple winners that all pay the same price is an example of uniform pricing
- ▶ The communication standard for sharing business documents and settlement information that emerged in the 1970s is called EDI
- ▶ Goods directly involved in the production process are known as direct goods
- ▶ A materials requirements planning (MRP) system is an example of a legacy computer system
- ▶ The foundation for contemporary supply chain management systems includes all of the B2B electronic storefronts
- ▶ The two main types of Internet-based B2B commerce are EDI and private industrial networks
- ▶ The type of Net marketplace characterized by indirect inputs and spot purchasing is called an e-distributor
- ▶ The most common and easily understood type of Net marketplace is e-distributors
- ▶ Intranets are networks that connect people within a company to each other and to the company network.
- ▶ E-business is the encompassing term that involves the use of electronic platforms - intranets, extranets and the Internet - to conduct a company's business.
- ▶ The E-commerce domain that involves business activity initiated by the consumer and targeted to businesses is known as Consumer to Business (C2B)
- ▶ A private trading network is a B2B trading network that links a particular seller with its own trading partners.
- ▶ The type of website that is designed to build customer goodwill and to supplement other sales channels rather than sell the company's products directly is known as a corporate website.
- ▶ Viral marketing is the Internet version of word-of-mouth marketing.
- ▶ Why would a merchant want to customize products? To charge a higher price
- ▶ Control function of management implies? To take corrective course of action
- ▶ Coordination function of management aims at? Bringing harmony in various activities
- ▶ "Authority flows downwards from top to the bottom whereas accountability flows upwards from bottom to top." It is found in Scalar chain

- ▶ Maslow's needs hierarchy theory relates to Motivation
- ▶ M.B.O. is a technique of Controlling only
- ▶ Henry Fayol is known for Principles of Management
- ▶ Unity of command implies having not more than one? Boss
- ▶ 'x' and 'y' theory of Motivation has been propounded by McGregor
- ▶ The primary function of an office is? Making, using and preserving records
- ▶ In an office, Franking machine is used for? Postal stamp fixing
- ▶ Fax is used for? Sending copies of documents
- ▶ Keyboard of a computer is? An input device
- ▶ Paperless office calls for? Maximum use of computers
- ▶ Delegation of authority signifies the delegation of? Authority & Responsibility
- ▶ Management by exception implies focusing attention on? Abnormal variations
- ▶ The most recent form of retail distribution is? Sky shopping
- ▶ Decentralization increases the importance of subordinates
- ▶ Application of Theory 'X' implies practicing of? Autocratic leadership
- ▶ The liability of a sole proprietor is? Limited to the extent of the value of business assets and his all private assets
- ▶ Which of the following documents defines the scope of company's activities? Memorandum of Association
- ▶ An indent house is one which serves as middleman between importer and exporter of goods for getting orders
- ▶ A letter of credit (L/C) is produced by an importer
- ▶ Liability of partners in respect of the firm's debt is unlimited
- ▶ Special plans made for facing competition are known as strategies
- ▶ The importer cannot take delivery of goods unless he produces the? Bill of lading
- ▶ The principle of indemnity is not related to? Life Insurance
- ▶ In Marine Insurance, the existence of insurable interest is necessary? When the loss is caused
- ▶ 'Span of Management' means a manager can supervise a limited number of executives
- ▶ Closing stock appearing in the Trial Balance is shown in? Balance Sheet only
- ▶ The rate of gross profit is 20% on sales and the cost of goods sold is Rs. 1,00,000, the amount of gross profit will be? Rs. 25,000
- ▶ The policy "anticipate no profit and provide for all possible losses" arises due to? Convention of conservatism
- ▶ Donations received for the special purpose will be taken to the? Liabilities side of the Balance Sheet
- ▶ A sports club receives admission fees. It is a? Revenue receipt
- ▶ Stock should include Goods held as consignee
- ▶ Receipts and Payments Account is an abbreviated form of? Cash Book
- ▶ At what price the stock is valued under conventional method? At cost price or market price whichever is lower
- ▶ Which of the following is a personal account? Outstanding Expense
- ▶ On the admission of a partner, fictitious assets are? Transferred to Revaluation Account

- ▶ The profit ratio of A, B and C, who are partners in a firm, is 4 : 3 : 2. After D is admitted, their sacrificing ratio will be? 4 : 3 : 2
- ▶ X and Y are sharing profits in the ratio of 4 : 3. Z joins and new profit sharing ratio of X, Y and Z is 7 : 4 : 3. The sacrificing ratio of X and Y will be? 1:2
- ▶ A and B were partners in a business and were sharing profit and loss in the ratio of 3 : 2. They admitted C as a partner for 15th share. The new profit sharing ratio shall be? 12:8:5
- ▶ At the time of admission of a new partner, general reserve is transferred to old partner's Capital Account
- ▶ A, B and C are partners sharing profits and losses in the ratio of 5 : 3 : 2. D is admitted in the first as a partner for 1/5th share. The sacrificing ratio of A, B and C will be? 5 : 3 : 2
- ▶ Advance income-tax is shown in the? Assets side of the Balance Sheet
- ▶ A and B were sharing profits of a business in the ratio of 3 : 2. They admit C into partnership, who gets 1/3 of A's share of profit from A, 1/2 of B's share of profit from B. The new profit sharing ratio will be? 2 : 1 : 2
- ▶ Accounting equation is Capital = Assets - Liabilities
- ▶ Interim Dividend is shown in Profit and Loss Appropriation Account
- ▶ Redeemable Preference shares of Rs. 1,00,000 are redeemed at a premium of 5%. With this object equity shares of Rs. 40,000 are issued at par. What amount should be transferred to Capital Redemption Reserve Account? Rs. 60,000
- ▶ X Limited forfeited Ram's 20 shares of Rs. 10 each on which Rs. 7 is called up. Raiz had paid application and allotment money of Rs. 5 per share. Of these forfeited shares 15 shares were reissued to Ali as fully paid up for Rs. 6 per share. What amount should be transferred to Capital Reserve account? Rs. 15
- ▶ In case of a company, "Buy Back" is related to Shares
- ▶ The profit of a company (whose capital is divided into 25,000 shares of Rs. 10 each) for the last three years are : Rs. 50,000; Rs. 60,000 and Rs. 40,000. The fair return on investment is taken at 10% p.a. The value of company's share will be? Rs. 20
- ▶ The amount deposited in Securities Premium Account can be used for? Issue of Bonus Shares
- ▶ Profit prior to incorporation is transferred to? Capital reserve
- ▶ If super profit is Rs. 4,000 and normal rate of return is 8 per cent, the amount of goodwill will be? Rs. 50,000
- ▶ Goodwill, Copyright and Trademarks should be classified as? Intangible assets
- ▶ The portion of share capital which can be called up only on the winding up of a company is known as Reserve capital
- ▶ Vouching is called backbone of auditing?
- ▶ The clearing agent is appointed by the? Importer
- ▶ A vacancy caused by the resignation of the auditor is filled only by the? General Meeting of the shareholders
- ▶ The first auditor of a company appointed, holds office? Till the conclusion of first Annual General Meeting
- ▶ Internal Auditor is appointed by the Management
- ▶ Expenditure on installation of a plant should be debited to? Plant account

- ▶ Auditing of accounts is compulsory for? Joint Stock Companies
- ▶ Under vouching, checking is done of Journal and Ledger, Profit and Loss Account & Balance Sheet
- ▶ The goods taken by the proprietor from the shop is debited to? Drawings accounts
- ▶ Which of the following types of business organization has a separate legal entity? Joint Stock Company
- ▶ The organization in which power of authority runs in straight line is called? Line organization
- ▶ 'Profit objective' is of least priority in case of? Cooperative society
- ▶ Partnership may come into existence by? An express or implied agreement only
- ▶ A public company can start business? After getting certificate of commencement of business
- ▶ Consumers cooperative store is set up by the? Members
- ▶ 'Object Clause' of a Memorandum of Association can be altered by? Special resolution and confirmation by Company Law Board
- ▶ A special resolution is passed in a company meeting by? 3/4 majority
- ▶ Articles of Association of a company can be altered by? A special resolution
- ▶ The liability of the shareholders of a public limited company is limited to the extent of? Paid up value of the shares
- ▶ The first directors of a company are appointed by? Promoters
- ▶ An association of cement manufacturers is an example of? Horizontal combination
- ▶ The product range is widest in case of? Departmental store
- ▶ The minimum number of members required for registration of a cooperative society are 10
- ▶ Insurable interest must be present at the time of insurance proposal and payment of claims in? Fire Insurance
- ▶ The technique of "Carrot and Stick" is used in business organization for? Motivation
- ▶ What is the human resource management (HRM)? It is a function in organizations designed to maximize employee performance of an employer's strategic objectives
- ▶ Human resource (HR) is primarily concerned with the management of People within organizations, focusing on policies and systems:-
- ▶ Job analysis indicates the specific duties to be performed by the worker and the circumstances under which these duties are to be performed. :-
- ▶ If the company is defining authority & communication channels for employees, it is performing? Organizing function
- ▶ The company's HR department can create an 'advisory' relationship through? Staff authority
- ▶ Assistance to top level management for strategic plans is provided by? Center of expertise
- ▶ Centers of expertise provides special assistance in? Organizational change
- ▶ The one who assist other managers in HR functions of management process is? staff manager
- ▶ Most of the time manager of Human Resource department is? Staff manager
- ▶ Comparison of employees actual performance with that of set standards is involved in? Controlling
- ▶ The one who issue orders in chain of command outside their department is? line managers

- ▶ The crucial functions for company's survival is managed by? line manager
- ▶ The company can create 'superior-subordinate' relationship through? Line authority
- ▶ High performance work system leads to? Superior employee performance
- ▶ Job analysts task is to? Prepare job description
- ▶ Recruiting employees, selecting right one for job and giving them training leads to? Staffing
- ▶ Ensuring the implementation of HR policies by line managers is part of? Coordinative functions
- ▶ The assistance needed to manage localized human resource provided by? Embedded HR group
- ▶ In growing organizations, the specialized staff is needed by? Line manager
- ▶ The counseling and compensation of employees is part of? Staffing
- ▶ The manager who can only issue orders in their own departments? Staff managers
- ▶ The distinct task of staff manager is to? Advise other employees
- ▶ Introduction of new or current trends for optimal HR utilization is part of? Staff function
- ▶ The coordination of personnel activities is crucial part of? Functional authority
- ▶ Generally in the chain of command, the one cannot issue orders outside their own department is? staff managers
- ▶ The manager have line or staff authority is determined by? nature of relationship
- ▶ In duties of HR manager, staff functions consists of? Assisting line manager
- ▶ Use of data, facts, analytics and evaluated research to make decisions is? Evidence based HRM
- ▶ The 'planning' function of management process involves? Establishing goals
- ▶ Directing the activities of staff in related areas is part of? Line function
- ▶ Changing and updating benefit plans is performed by? Transactional HR group
- ▶ Handling labor relations & safety laws for company's labor is part of? Staff function
- ▶ Which of the following is a major contribution to workplace stress? Social isolation
- ▶ Portfolio working is working which is? Not attached to a single employer and contract of employment
- ▶ What did the Hawthorne experiments discover? That people need to belong to a 'social group'
- ▶ A philosophy of management is more than a single ingredient
- ▶ Treating employees as people or as an economic resource is a question of balance which will be affected by the context of each organization
- ▶ The creation of personnel as a specialist function dealing with people issues from the latter part of the twentieth century has been responsible in part for? Disenfranchising line managers in dealing with key aspects of people management
- ▶ The origins of Personnel Management was an outcome of? The work of nineteenth century social reformers and Quaker employers
- ▶ Scientific management contributed to the development of a more rational approach to management by developing which characteristics? The planning and organization of work based on scientific principles such as time and motion studies

- ▶ One final development influencing the practice of Personnel Management in the 1960s was? Growing importance of training
- ▶ A distinction can be made between 'hard' and 'soft' types of HRM. Soft HRM can be characterized by? A mutual commitment of employees and employers to the goals of the organization
- ▶ The resource based view of the firm is one that believes the key human resources are? Used to create new capabilities that help achieve organizational success
- ▶ SHRM is also about strategic choice, which refers to? The processes and decisions that shape the organization's philosophy towards its employees
- ▶ Do HR activities have an effect on employee and managerial behaviour? Yes, but these effects can be negative as well as positive
- ▶ The view that employees are critical to organizational success is now generally accepted. Does this mean that managing the human resource has become even more important because it is the one resource most difficult to replicate
- ▶ The most common activities performed by HR, which are often outsourced, are occupational health, payroll, pensions and training
- ▶ The continuing search by HR for an identity and status represents, for some, an enduring paradox that, until resolved or explained will limit HR's contribution to organizational objectives. A paradox can be understood as something which seems difficult to understand and explain
- ▶ Moony (2001) argues that the cost of carrying out HR activities is often found to be inversely related to their value. This occurs when there is a lack of strategic control and accountability over what HR does
- ▶ The strategic importance of an organization's people to their long term success has become a central tenet of what has become known as SHRM. This importance is based on the unique and non replicable nature of human capabilities
- ▶ Being strategic, from the perspective of an HR department, is often the way to be taken seriously and offered a 'seat at the top table.' But what does being strategic really mean? Having an impact on the things that are most important to the organization's corporate goals and objectives
- ▶ According to Michael Porter, it is important to distinguish between operational effectiveness and strategic positioning. The former means performing similar activities better than competitors, whilst the latter involves? Performing different activities from competitor organizations or performing similar activities in different ways
- ▶ The importance of integration to organizations has long been a feature of the literature on strategy. As far as HR is concerned the search for vertical and horizontal integration is a key driver in the attempt to become 'more strategic'. Horizontal integration means? That different activities and initiatives need to mutually supportive and designed in a holistic way
- ▶ Recruitment and selection must be effective to ensure it delivers the highest calibre of individuals at optimum cost
- ▶ The solution to many so-called 'people problems' is often associated with improving the effectiveness of the recruitment process by careful selection of the right people for the job
- ▶ The science and engineering sectors reflect significant under representation of which group of employees? Women

- ▶ The concept of stagnation in the context of recruitment means over-reliance on the internal labour market to fill new positions
- ▶ Are the best and most productive employees likely to be? The most costly to employ
- ▶ Too great a reliance on internal recruitment can result in? Reduced job performance
- ▶ What strategies deployed by HR for attracting potential candidates to apply for vacancies might be seen to result in indirect discrimination? Word of mouth
- ▶ The employment contract provides a set of rights, responsibilities and obligations that structure the behaviour of whom? Both parties
- ▶ Substantive rules are those which determine? Rates of pay and how levels are determined
- ▶ Are employers who believe in a unitary perspective on employment relations likely to? Exhibit a degree of hostility to unions
- ▶ What are the types of industrial action a union is most likely to engage in? Action short of a strike
- ▶ Apart from pay what is the second most common reason for employees to join a trade union? Wide range of personal benefits
- ▶ In organizing industrial action a Union is encouraging its members to break their contractual obligation to attend work, Is this action? Protected by union immunity
- ▶ Good marketing is no accident, but a result of careful planning and Execution
- ▶ The first step in the marketing research process is define the problem and research objectives
- ▶ The last step in the marketing research process is make the decision
- ▶ Marketing is both an "art" and a "science" there is constant tension between the formulated side of marketing and the Creative side.-
- ▶ The most formal definition of marketing is an organizational function and a set of processes for creating, communicating, and delivering, value to customers, and for managing customer relationships in ways that benefit the organization and its stake holders
- ▶ Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value
- ▶ A key ingredient of the marketing management process is insightful, creative marketing strategies and plans that can guide marketing activities:-
- ▶ The task of any business is to deliver Customer value at a profit.-
- ▶ Physical goods constitute the bulk of most countries' production and marketing efforts:-
- ▶ Information can be produced and marketed as a product:-
- ▶ Charles Revson of Revlon observed: "In the factory, we make cosmetics; in the store, we make profits we sell hope
- ▶ A marketer is someone seeking a response (attention, a purchase, a vote, a donation) from another party, called the prospect
- ▶ In latent demand consumers may share a strong need that cannot be satisfied by an existing product:-
- ▶ In overfull demand more customers would like to buy the product than can be satisfied.-
- ▶ Marketers often use the term market to cover various groupings of customers.-

- ▶ Companies selling mass consumer goods and services such as soft drinks, cosmetics, air travel, and athletic shoes and equipment spend a great deal of time trying to establish a superior brand image in markets called consumer markets
- ▶ In business markets, advertising can play a role, but a stronger role may be played by the sales force, price and the company's reputation for reliability and quality:-
- ▶ One traditional depiction of marketing activities is in terms of the marketing mix or four Ps. The four Ps are characterized as being product, price, promotion, and place
- ▶ The four Ps represent the sellers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. Robert Lauterborn suggested that the sellers' four Ps correspond to the customers' four Cs. The four Cs are customer solution, customer cost, convenience, and communication
- ▶ Holistic marketing incorporates internal marketing ensuring that everyone in the organization embraces appropriate marketing principles, especially senior management:-
- ▶ Marketing is not a department so much as a company orientation
- ▶ Holistic marketing incorporates social responsibility marketing and understanding broader concerns and the ethical, environmental, legal, and social context of marketing activities and programs.-
- ▶ The societal marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being:-
- ▶ Companies see cause-related marketing as an opportunity to enhance their corporate reputation, raise brand awareness, increase customer loyalty, build sales, and increase press coverage:-
- ▶ When a customer has a(n) real need he/she wants a car whose operating cost, not its initial price, is low.-
- ▶ When a customer has a(n) secret need the customer wants to be seen by friends as a savvy consumer.-
- ▶ During market segmentation analysis, the marketer identifies which segments present the greatest opportunity. These segments are called target markets
- ▶ For each target market, the firm develops a market offering. The offering is positioned in the minds of the target buyers as delivering some central benefit(s)
- ▶ Value reflects the perceived tangible and intangible benefits and costs to customers:-
- ▶ If a marketer decides to use warehouses, transportation companies, banks, and insurance companies to facilitate transactions with potential buyers, the marketer is using what is called a service channel
- ▶ Competition includes all the actual and potential rival offerings and substitutes that a buyer might consider:-
- ▶ The task environment includes the immediate actors involved in producing, distributing, and promoting the offering. The main actors are the company, suppliers, distributors, dealers, and the target customers.
- ▶ The marketing planning process consists of analyzing marketing opportunities; selecting target markets; designing marketing strategies; developing marketing programs; and managing the marketing effort:-

- ▶ David Packard of Hewlett-Packard once said, "Marketing is far too important to leave to the marketing department"
- ▶ Some companies are now switching from being solely product-centered (with product managers and product divisions to manage them) to being more customer-segment centered:-
- ▶ Companies are recognizing that much of their market value comes from intangible assets particularly their brands, customer base, employees, distributor and supplier relations, and intellectual capital.
- ▶ Personal selling can increasingly be conducted electronically, with buyer and seller seeing each other on their computer screens in real time:-
- ▶ At the heart of any marketing program is the product the firm's tangible offering to the market:-
- ▶ Marketing communication activities are the means by which firms attempt to inform, persuade, and remind consumers directly or indirectly about the brands they sell:-
- ▶ Marketing evaluation and control processes are necessary to understand the efficiency and effectiveness of marketing activities and how both could be improved:-
- ▶ Data that is freshly gathered for a specific purpose is called Primary data
- ▶ Research that is designed to capture cause-and-effect relationships by eliminating competing explanations of observed findings is called experimental research
- ▶ The best way to reach people who would not give personal interviews or whose responses might be biased or distorted by the interviewer is by using a mail interview
- ▶ Marketing Decision Support System is a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action.
- ▶ The set of consumers who are buying the company's product is the penetrated market
- ▶ The percentage of ownership among customers in a population is referred to as product penetration percentage
- ▶ The sales goal for a product line, company division, or sales representative is called a sales quota
- ▶ The total amount of sales that might be available to all firms in an industry during a given time period is known as the total market potential
- ▶ In a hyper competitive economy such as ours, a company can win only by fine-tuning the value delivery process and choosing, providing, and communicating superior value:-
- ▶ The traditional view of marketing is that the firm makes something and then sells it
- ▶ Today, the "mass-market" is actually splintering into numerous Micro markets each with its own wants, perceptions, preferences, and buying criteria:-
- ▶ The first phase of the value creation and delivery sequence is Choosing the value that represents the "homework" marketing must do before any product exists:-
- ▶ The last step in the value creation and delivery sequence is Communicating the value where the sales force, sales promotion, advertising, and other communication tools announce and promote the product:-
- ▶ The Japanese have refined the value delivery process to include a component that emphasizes Zero customer feedback time

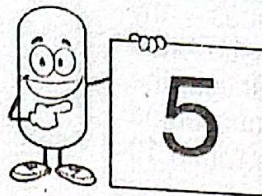
- ▶ The Value chain is a tool for identifying ways to create more customer value:-
- ▶ The Value chain identifies nine strategically relevant activities that create value and cost in a specific business:-
- ▶ The Primary activities in the value chain cover the sequence of bringing materials into the business (inbound logistics), converting them into final products (operations), shipping out final products (outbound logistics), marketing them (marketing and sales), and servicing them (service):-
- ▶ Procurement, technology development, human resource management, and firm infrastructure are handled in certain specialized departments and are called support activities
- ▶ The firm should estimate its competitors' costs and performances as benchmarks against which to compare its own costs and performance:-
- ▶ The firm's success depends not only on how well each department performs its work, but also on how well the various departmental activities are coordinated to conduct core business processes
- ▶ With respect to core business processes, all the activities involved in gathering market intelligence, disseminating it within the organization, and acting on the information is referred to as the market sensing process
- ▶ With respect to the core business processes, all the activities involved in researching, developing, and launching new high-quality offerings quickly and within budget are referred to as the new offering realization process
- ▶ With respect to the core business processes, the Customer acquisition process is considered to be all the activities involved in defining target markets and prospecting for new customers:-
- ▶ A good way to describe the Customer relationship management process would be to discuss all the activities involved in building deeper understanding, relationships, and offerings to individual customers.
- ▶ Global marketers must decide? How to enter each country (as an exporter, licensor, joint venture partner, contract manufacturer, or solo manufacturer).
- ▶ Nasir Ali has proposed the concept of meta-market to describe a cluster of complementary products and services that are closely related in the minds of consumers but are spread across a diverse set of industries.
- ▶ The Information Age promises to lead to more accurate levels of production, more targeted communications, and more relevant pricing:-
- ▶ Many countries have deregulated industries to create greater competition and growth opportunities.
- ▶ Customers are showing greater price sensitivity in their search for value
- ▶ Rising promotion costs and shrinking profit margins are the result of heightened competition
- ▶ Industry boundaries are blurring at an incredible rate as companies are recognizing that new opportunities lie at the intersection of two or more industries this is called industry convergence
- ▶ In response to threats from such companies as AOL, Amazon, Yahoo, eBay, E'TRADE, and dozens of others, established manufacturers and retailers became "brick-and-click" oriented by adding online services to their existing offerings. This process became known as reintermediation

- ▶ Many brick-and-click competitors became stronger contenders in the marketplace than the pure-click firms because they had a larger pool of resources to work with and well-established brand names
- ▶ The selling concept is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance, encyclopedias, and funeral plots.
- ▶ The product concept holds that consumers will favor those products that offer the most quality, performance, or innovative features.
- ▶ The selling concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.
- ▶ Several scholars have found that companies who embrace the marketing concept achieve superior performance. This was first demonstrated for companies practicing a Reactive market orientation understanding and meeting customers' expressed needs.
- ▶ According to Theodore Levitt, who drew a perceptive contrast between the selling and marketing concepts, Selling is preoccupied with the need to convert products into cash.
- ▶ Which of the following terms most closely matches to "the shared experiences, stories, beliefs, and norms that characterize an organization"? Corporate culture
- ▶ Marketing plan provides both the vision and the direction
- ▶ Packing credit is pre-shipment finance for export
- ▶ Pre-shipment credit in foreign currency can be availed in any permitted currency
- ▶ A bill drawn under a letter of credit contains discrepancies may purchase it or take it for collection, but should not refuse to handle the bill
- ▶ Export factoring is available for short term exports
- ▶ Export factoring encourages the following method of payment open account system
- ▶ Factoring refers to discounting of medium term export bill
- ▶ Open account method of payment is beneficial to the buyer
- ▶ Cash on delivery method is normally used for small but valuable items sent by post
- ▶ Documents against payment term indicates the collecting bank will hand the documents to the buyer against payment
- ▶ The best form of method of payment for an importer would be open account
- ▶ When goods are sent to an agent of an exporter in the importing country, the method of payment adopted is consignment sale
- ▶ The method of payment where the exporter relies on the undertaking of a bank to pay is letter of credit
- ▶ Letter of credit transactions are generally governed by the provisions of Uniform Customs and Practice for Documentary Credits
- ▶ The beneficiary under a letter of credit is The exporter
- ▶ A letter of credit is opened on behalf of importer customers
- ▶ A letter of credit is addressed to the beneficiary
- ▶ Payment for bills drawn under letter of credit should be made by the negotiating bank immediately or on a future date depending upon the terms of credit
- ▶ Under an acceptance letter of credit, the responsibility of the issuing bank is to accept the immediately and also to pay the amount of the bill on its due date

- ▶ Two parties agreeing to buy and sell from each other without involving payment is known as Countertrade
- ▶ For Pakistan imports from India, payment should be made in US dollars
- ▶ Comprehensive risk policy covers? both commercial and political risk
- ▶ Export factoring encourages the following method of payment? open account system
- ▶ Transaction risk is the potential exchange loss from outstanding obligations as a result of exchange rate fluctuations:-
- ▶ If a draft is made to bearer, payment should be made to anyone who presents the draft
- ▶ If a draft is accepted by a bank, it becomes a bankers acceptance
- ▶ The dimension of e-commerce that enables commerce across national boundaries is called Global reach
- ▶ A business model is the set of planned activities designed to result in a profit in a marketplace.
- ▶ A situation where there are no differences among products or services, and the only basis of choosing products is price is known as commoditization
- ▶ A strategy designed to compete in all markets around the globe is called a scope strategy:-
- ▶ Globalization is not one of the stages of the development of the Internet
- ▶ The most prevalent online payment method is credit cards
- ▶ SEZ is a duty free enclave to be treated as foreign territory for the purpose of trade operations and duties and tariffs.
- ▶ The corporation in SEZs will not have to pay any income tax on their profits for the first five years and only 50% of the tax for 2 more years thereafter.
- ▶ Which of the following is a non-verbal communication? Body language
- ▶ M.B.O. is a technique of Controlling only
- ▶ Unity of command implies having not more than one Boss
- ▶ The primary function of an office is Making, using and preserving records
- ▶ Term of trade of a country show? Ratio of prices of exports and imports
- ▶ In a free trade world in which no restrictions exist, international trade will lead to? Increased efficiency
- ▶ Govt. policy about exports and imports is called? Commercial policy
- ▶ What would encourage trade between two countries? Reduced tariffs
- ▶ "Terms of trade" between two countries refer to a ratio of? Export prices to import prices
- ▶ What would encourage trade between two countries? Reduced tariffs
- ▶ It is drawback of free trade? Government loses income from custom duties
- ▶ Gold standard means currency of the country is made of gold & Currency of the country is freely convertible into gold
- ▶ Terms of trade of a country? Are determined by the price index of export and import goods
- ▶ Pakistan's terms of trade have fallen over past few years
- ▶ Exchange value of Pak rupee against other currencies has fallen because? Our imports are more than exports
- ▶ This is an advantage of foreign trade? New technology comes to the country

- ▶ Foreign trade benefits all countries
- ▶ In foreign trade, Protection policy means restrictions on imports
- ▶ The theory explaining trade between two countries is called? Comparative advantage
- ▶ The theory explaining trade between two countries is called? Comparative cost theory
- ▶ Trade between two countries takes place when? Cost ratios of commodities are different
- ▶ David Ricardo presented the theory of international trade called? Theory of comparative advantage
- ▶ Rich countries have deficit in their balance of payments? Sometimes
- ▶ Balance of payments means? The balance of receipts and payments of foreign exchange by a country
- ▶ Pakistan is not a member of? OPEC
- ▶ International trade is possible primarily through specialization in production of a few goods
- ▶ Pakistan imports some goods and exports other goods primarily because of? Comparative advantage
- ▶ A country that does not trade with other countries is called? Closed economy
- ▶ To increase exports, Pakistan must? Improve quality of goods & decrease the value of its currency
- ▶ Policy of Protection in trade? Protects local producers
- ▶ Pakistan's exports mainly consists of products? Semi-manufactured and manufactured goods
- ▶ Pakistan's exports mainly consists of products? Semi-manufactured
- ▶ The largest item in our import list is? Petroleum
- ▶ Pakistan's exports mainly consist of low-value goods
- ▶ Commercial policy means Policy about imports and exports
- ▶ Import of petroleum makes up Pakistan's total import bill? 25%
- ▶ The largest item of Pakistan's exports is? Readymade garments
- ▶ Largest share of Pakistan's exports go to? USA
- ▶ Pakistan's share in the world for cotton textiles is? Less than 3%
- ▶ Pakistan exports these goods? Cotton, yarn, fish, rice
- ▶ Fax is used for sending copies of documents
- ▶ Paperless office calls for maximum use of computers
- ▶ Delegation of authority signifies the delegation of authority & responsibility
- ▶ Partnership may come into existence by an express or implied agreement only
- ▶ The clearing agent is appointed by the importer
- ▶ The importer cannot take delivery of goods unless he produces the bill of lading
- ▶ An indent house is one which serves as middleman between importer and exporter of goods for getting orders
- ▶ A letter of credit (L/C) is produced by an importer
- ▶ The 'terms of trade' refer to ratio of the index of export prices to the index of import prices
- ▶ By which year had the gold standard virtually disappeared from the world as an international monetary system? 1936

- ▶ The market for very short term loans is known as money market
- ▶ If the increase in exports exceeds the increase in imports, and other things remain the same, then the level of income will rise
- ▶ Commodity terms of trade was introduced by: F.W. Taussig
- ▶ The multiple exchange rates were first employed by? Germany
- ▶ An allotment of shares made by company to an applicant in the contravention of the provisions of restriction as to allotment and statement in lieu of prospectus; shall be? Voidable



- ▶ In a public company the shares are subscribed by? Creditors
- ▶ A liquidator is a person? Who winds-up a company
- ▶ After its incorporation, the ordinary General Meeting of a company must be held within? the year of incorporation
- ▶ Life Insurance Policy cannot be called in question by an insurer on the ground of inaccurate or false immaterial statement made in the proposal for insurance after one year
- ▶ A liquidator is a person? Who winds-up a company
- ▶ The maximum number of members in a private company is? 50
- ▶ Publication of Prospectus is compulsory by? A Private Company
- ▶ The minimum number of members in a Private Limited Company is? Two
- ▶ A Public Limited Company must have? Seven directors
- ▶ The Articles of Association of a company contain? a set of governing rules adopting by the company
- ▶ The best definition of a quorum is? It is the number of members of a company that must be present before business may be transacted.
- ▶ The board of directors does not have responsibility over which of the following areas? The appointment, supervision, and removal of employees generally
- ▶ A subsidiary company is the one? in which the majority shares are held by another company
- ▶ A is considering different forms of business organization for his business. For the purposes of owning property and being a party to litigation, forms which are legal entities separate from their owners include Both Private and Public Limited Companies
- ▶ After its incorporation, the ordinary General Meeting of a company must be held within? the year of incorporation
- ▶ In a public company the shares are subscribed by? Creditors
- ▶ A company writes the same as another exists shall? Shall not be registered
- ▶ If a company has any connection with foreign government or international organization is? Can't be registered
- ▶ Companies like NGOs can't pay to its members? Dividend
- ▶ Associations not for profit incorporated enjoy all the privileges of? Limited company
- ▶ A decision made by arbitrators is called? Award
- ▶ When someone gives to another person a power of attorney, this means that? Such person given the power has authority to act as an agent
- ▶ The scenario above the minimum time required for the allotment of shares to be voidable after the holding of statutory meeting of the company? 30 days
- ▶ In case of effect of irregular allotment of shares; the proceedings to recover any such loss, damages or costs shall not be commenced after the expiration of 2 years from the date of the allotment:

- ▶ Where a company issues any invitation to the public to subscribe for its shares or other securities; the period of repayment of unaccepted or unsuccessful application within 10 days
- ▶ If the company for any reasonable cause is unable to issue duplicate certificate, it shall notify this fact, along with the reasons within 30 days from the date of application, to the applicant:
- ▶ The scenario above and every officer of the company who is in default shall be punishable with imprisonment for term which may extend to 6 months
- ▶ The punishment made above the officer of company in case of default/defraud to issue or issue a duplicate thereof the fine which may extend to 10 thousand and or Imprisonment or both:
- ▶ The transfer of shares is registered and shares certificate duly transferred in the favour of the transferee is issued within 40 days
- ▶ Transfer deed duly executed and signed by the transferor and transferee and duly witnessed on their behalf are delivered along with share certificates at At registered office of company
- ▶ The delivery fee for transfer of share and debenture certificate by Transferee
- ▶ Transfer deeds are accepted and transfer is recorded at the back of the shares-certificate in the memorandum of transfer column and entered into the register of the Members of the company
- ▶ Company shall not register a transfer of shares or debentures unless proper instrument of transfer duly Stamped
- ▶ In case of a public company, a financial institution duly approved by the Commission may be appointed as the transfer agent on behalf of the company:
- ▶ The directors of the company shall not refuse any fully paid shares
- ▶ The transfer of shares or debentures of a deceased member by his nominee or legal representative shall although, he is not the himself the member be as? Valid
- ▶ Transfer of shares to successor or nominee is called Transmission
- ▶ The board of directors does not have responsibility over which of the following areas? The appointment, supervision, and removal of employees generally
- ▶ A person in his life Can't share the rights of membership
- ▶ Proxies can't be appointed in case of company? Company not having share capital
- ▶ If a member appoints more than one proxies then this is Invalid
- ▶ A public company can raised further capital without the issue of right shares on the basis of special resolution if the company has got permission from? Federal government
- ▶ The proxies shall be lodged with the company not later than 48 hours before the time of meeting:
- ▶ If the proxies shall, sent within 48 hours to the company; the provisions contrary to the articles of the company shall be Vold
- ▶ Who will be preside as chairman at every general meeting of the company? Chairman of board of directors
- ▶ In show of hands, every member has one vote and proxy? Is not counted
- ▶ In case of poll demand; even proxy? Is allowed
- ▶ In case of private company; a demand for poll can be made by? 1 member

- ▶ If not more than seven such members are personally present and by 2 such members present in person or by proxy if more than seven such members are personally present:
- ▶ Minimum number of directors, in case of listed public company? 7
- ▶ If the directors are not appointed by virtue of articles, who elect the directors? Subscriber
- ▶ Subscribers elect the directors within 15 days from the date of incorporation:
- ▶ First directors hold the office up till the holding of First Annual General Meeting and taking over the office by the next board of directors:
- ▶ The directors of a company shall subject to section 174, fix the number of elected directors not later than 35 days before convening of general meeting at which directors are to be elected:
- ▶ Any person who seeks to contest an election to the office of directors shall, whether he is retiring directors or otherwise, file with the company no later than 14 days before the date of meeting at which elections are to be held:
- ▶ All notices received by the company in pursuance of above sub-section shall be transmitted to the members not later than 7 days before the date of the meeting:
- ▶ No person shall be appointed or nominated as a director or chief executive of company or represent as holding such office unless such person or such other person has given? His consent in writing for such appointment
- ▶ If a person has been convicted by a court of law for an offence involving moral Turpitude; he can't be? Director
- ▶ If a person has betrayed lack of fiduciary behaviour and a declaration to this effect has been made by court at any time during the proceeding five years, he shall not be appointed as? Director of the company
- ▶ Every company, shall have a chief executive except other than a company? Managed by a managing agent
- ▶ The director of every company shall as from the date from which it commences business or as from a date not later than the 15 days after the date of incorporation:
- ▶ Within 14 days from the date of election of directors or the office of the chief executive falling vacant as the case may be, the directors of the company shall appoint any person including an elector director, to be the chief executive:
- ▶ The appointment of the chief executive shall not be for a period exceeding 3 years years from the date of appointment:
- ▶ The chief executive shall, if he is not already a director of the company, be deemed to be its Director and be entitled to all rights and privileges, and subject to all the liabilities, of that office:
- ▶ The directors of a company by resolution passed by not less than 3/4 of the total number of directors for the time being or the company by a special resolution, may remove a chief executive before the expiration of his term of office
- ▶ A chief executive of Public company shall not directly or indirectly engage in any business which is of same nature and directly completes with the business carried on by the company of which he is chief executive or by a subsidiary of such a company:

- ▶ Every person shall (including directors, officers, chief executive, managing agent secretary, chief accountant, auditors and legal advisor) shall within a period of 10 days days of his appointment or any change therein, as the case may be, furnished to the company the particulars(register of directors, officers, etc).
- ▶ The period within which the company shall file with registrar a return in duplicates to filed with the registrar shall be a period of 14 days from the date of incorporation:
- ▶ The purchase & sale or sale & purchase, of any such security within period of less? 6 months
- ▶ If an officer or other agent of a company other than Private company enters into a contract for on the behalf of company:
- ▶ If in the contract the company is an undisclosed principal shall, at the time of entering into the contract, make a Memorandum in writing of terms of the contract and specify therein the person with which it has been made:
- ▶ If any such officer or other agent makes default in complying with the requirements of this section, the contract shall, at the option the company be Void as against company:
- ▶ Main conditions for right issue of shares is they are issued to existing share holder to their existing share holding
- ▶ The issue of right shares shall be made within Limiting time
- ▶ A copy or circular for issue of further shares duly signed by directors or on an officer authorized shall be filed with Registrar before circular is sent to shareholder:
- ▶ If a company intends to have different kinds of share capital and classes of shares therein; it shall so specifically so provide in its? Memorandum & Articles

- ▶ No company shall issue partly paid shares
- ▶ A company limited by shares; if so authorized by its articles may alter the conditions of its Memorandum
- ▶ In the event of consolidation or sub division of shares, rights attaching to new shares shall be strictly proportional to rights attaching to Previous shares
- ▶ The company shall file with the registrar notice of exercise of any power refer to power of a company limited by shares to alter its share capital within 15 days days from the exercise thereof:
- ▶ A company shall as from the days on which it begins to carry on business or as from 28 days day after the date of its incorporation, whichever is earlier, have registered office:
- ▶ if the company fails to requirements given above it shall and every officer of the company who knowingly or willfully authorizes or permits the default shall liable to a fine not exceeding 200 for every day during which such compliance continues:
- ▶ Every Limited company shall point or affix and keep painted or affixed, its name on the outside of every office or place in which its business carried on, in a conspicuous position:
- ▶ The name of the limited company painted or affixed should be legible and in English and Urdu
- ▶ If a company shall not issue prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement? In lieu of prospectus
- ▶ A public company may reserve a certain percentage of shares/further issue of its employees under Employee stock option scheme
- ▶ The case above the maximum period for holding a general meeting of members of the company? 6 months

- ▶ The general Statutory meeting
- ▶ The directors shall, at least before the date on which meeting held, forward a report, in this ordinance referred as the statutory report to ever member:
- ▶ The statutory report shall be certified by not less than? 3 directors
- ▶ The statutory report certified by three directors, one of whom shall be? Chief executive of the company
- ▶ The statutory report shall also contain a brief account of state of companies affairs since its? Incorporation
- ▶ The section "statutory meeting of the company" shall not apply to? Private company
- ▶ The offer of new shares shall be strictly in proportion to? Number of existing shares held
- ▶ In case of listed company; Annual General Meeting will be held in a town in which? Its registered office is existing
- ▶ The publication of notice of Annual General Meeting in newspapers, these newspaper having circulation in province in which? The stock exchange on which the company is listed
- ▶ All general meetings other than "annual general meeting" and "statutory meeting" are called? Extra ordinary meetings
- ▶ The notice of extra ordinary general meeting shall be sent to members at least 21 days before the date of meeting:
- ▶ The quorum of a general meeting, in case of public company? 10 members
- ▶ In case of (any other) company, the quorum should be? 2 members

- ▶ The general meeting shall be called Statutory meeting
- ▶ The directors shall, at least 21 days before the date on which meeting is held, forward a report, in this ordinance referred as the statutory report to every member:
- ▶ The statutory report shall be certified by not less than 3 directors
- ▶ The statutory report certified by three directors, one of whom shall be? Chief executive of the company
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- ▶ The quorum of a general meeting, in case of public company? 10 members
- ▶ In case of (any other) company, the quorum should be? 2 members
- ▶ If at adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting; the members present being not less than 2 members shall be a quorum, unless the articles provide otherwise:
- ▶ The Sale of Goods Act 1930 extends to the whole of Pakistan
- ▶ Who is Caveat emptor? is seller who discloses defects in the goods being sold
- ▶ The sale of Goods Act, 1930 contains? 66 Sections
- ▶ When Sale of Goods Act 1930 came into force into force? First day of July, 1930
- ▶ Transfer of property means Transfer of ownership
- ▶ What type of tax is referred to in the sale of Goods Act, 1930? Sales tax
- ▶ Net income plus operating expenses is equal to Gross profit
- ▶ The appointment of a person of the minor age as an agent is Valid
- ▶ Sale of Goods Act 1930 was passed on 5th March, 1930
- ▶ Contract of sale of goods is made by an offer to buy or sell goods for a price and the acceptance of such offer. The contract may provide for the immediate delivery of the goods or immediate payment of the price or both, or for the delivery or payment by instalments, or that the delivery or payment or both shall be postponed
- ▶ The price in a Contract of sale of goods may be fixed by the contract or may be left to be fixed in manner thereby agreed or may be determined by the course of dealing between the parties.
- ▶ Price means the money consideration for a sale of goods;
- ▶ Property means the general property in goods, and not merely a special property;

- ▶ Quality of goods includes their state or condition;
- ▶ Seller means a person who sells or agrees to sell goods;
- ▶ It is duty of the Seller to deliver the goods of the buyer to accept and pay for them, in accordance with the terms of the contract of-sale.
- ▶ An agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.
- ▶ Buyer means a person who buys or agrees to buy goods;
- ▶ Delivery means voluntary transfer of possession from one person to another;
- ▶ Goods are said to be in a Deliverable state when they are in such state that the buyer would under the contract be bound to take delivery of them;
- ▶ Document of title to goods includes a bill of lading, dock warrant, warehouse keeper's certificate, wharfingers' certificate, railway receipt, warrant or order for the delivery of goods and any other document used in ordinary course of business as proof of the possession or control of goods, or authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented;
- ▶ Specific goods means goods identified and agreed upon at the time a contract of sale is made;
- ▶ Contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price.
- ▶ Fault means wrongful act or default
- ▶ Future goods means goods to be manufactured or produced or acquired by the seller after the making of the contract of sale
- ▶ Goods means every kind of movable property other than actionable claims and money; and includes electricity, water, gas, stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale;
- ▶ a person is said to be insolvent who has ceased to pay his debts in the ordinary course of business, or cannot pay his debts as they become due, whether he has committed an act of insolvency or not;
- ▶ Mercantile agent means a mercantile agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods
- ▶ The Sale of Goods Act, 1930 is based on English Sale of Goods Act
- ▶ As per-section 2 (1), a person who buys or agrees to buy goods is called Buyer
- ▶ The voluntary transfer of possession from one person to another is called Delivery
- ▶ As per section 2, sub section 7 every kind of moveable property other than actionable claim and money is called Goods
- ▶ Future goods means goods to be manufactured or produced or acquired by the seller? After making of contract
- ▶ The agent having in customary course of business as such agent authority either to sell goods or to consign goods for the purpose of sale or to buy goods or to raise money on the security of goods is called Mercantile agent
- ▶ The goods identified and agreed upon at the time a contract of sale is made are called Specified goods

- ▶ Where under a Contract of sale of goods the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called in agreement to sell.
- ▶ Where an unpaid seller has made part delivery of the goods he may exercise his right of lien on the remainder
- ▶ Section 57, of the Sale of Goods Act, deals with Suit for damages for non-delivery
- ▶ The Partnership Act, 1932 extends to the whole of Pakistan
- ▶ What are the total sections in Partnership Act, 1932? 72
- ▶ The Partnership Act was passed on 8th April, 1932
- ▶ The Partnership Act, 1932 came into force on the 1st day of October, 1932
- ▶ Section 69 the Partnership Act, 1932 came into force on the 1st day of October, 1933
- ▶ An act of a firm means any act or omission by all the partners, or by any partner or agent of the firm which gives rise to a right enforceable by or against the firm;
- ▶ Business Includes every trade, occupation and profession;
- ▶ Third party used in relation to a firm or to a partner therein means any person who is not a partner in the firm
- ▶ Which section of the Partnership Act, 1932 deals with definition of "Partnership"? 4
- ▶ The relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all is called Partnership
- ▶ Persons who have entered into partnership with one another are called individually as? Partners
- ▶ Persons who have entered into partnership with one another are called collectively as? A firm
- ▶ The relation of partnership arises from contract and not from status
- ▶ The sharing of profits or of gross returns arising from property by persons holding a joint or common interest in that property does not of itself make such persons partners.
- ▶ A person may become a partner with another person in particular adventures or undertakings is called as Particular partnership
- ▶ Which section of the Partnership Act, 1932 deals with "General duties of partners"? 9
- ▶ Partners are bound to carry on the business of the firm to the greatest common advantage, to be just and faithful to each other, and to render true accounts and full information of all things affecting the firm to any partner or his legal representative.
- ▶ Who shall indemnify the firm for any loss caused to it by his fraud in the conduct of the business of the firm? Every partner
- ▶ Every partner has a right to take part in the conduct of the business;
- ▶ Every partner is bound to attend diligently to his duties in the conduct of the business;
- ▶ Every partner has a right to have access to and to inspect and copy any of the books of the firm.
- ▶ a partner is not entitled to receive remuneration for taking part in the conduct of the business;
- ▶ the partners are entitled to share equally in the profits earned, and shall contribute equally to the losses sustained by the firm ;

- ▶ where a partner is entitled to interest on the capital subscribed by him such interest shall be payable only out of profits ;
- ▶ a partner making, for the purposes of the business, any payment or advance beyond the amount of capital he has agreed to subscribe, is entitled to interest thereon at the rate of six per cent. per annum ;
- ▶ the firm shall indemnify a partner in respect of payments made and liabilities incurred by him
- ▶ a partner shall indemnify the firm for any loss caused to it by his wilful neglect in the conduct of the business of the firm.
- ▶ Subject to contract between the partners, the property of the firm shall be held and used by the partners exclusively for the purposes of the business.
- ▶ The authority of a partner to bind the firm conferred by section 19 is called his Implied authority
- ▶ The partners in a firm may, by contract between the partners, extend or restrict the implied authority of any partner.
- ▶ In order to bind a firm, an act or instrument done or executed by a partner or other person on behalf of the firm shall be done or executed in the firm name, or in any other manner expressing or implying an intention to bind the firm.
- ▶ An admission or representation made by a partner concerning the affairs of the firm is evidence against the firm, if it is made in the ordinary course of business.
- ▶ Every partner is liable, jointly with all the other partners and also severally, for all acts of the firm done while he is a partner.
- ▶ Where a partner in a firm is adjudicated an insolvent he ceases to be a partner on the date on which

the order of ' adjudication is made, whether or not the firm is thereby dissolved.

- ▶ The dissolution of partnership between all the partners of a firm is called the "dissolution of the firm" under section 39
- ▶ A firm may be dissolved with the Consent of all the partners & Contract between the partners
- ▶ A firm is dissolved by the adjudication of all the partners or of all the partners but one as insolvent
- ▶ A firm is dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the partners to carry it on in partnership:
- ▶ Talal is forming a business which he wants to control completely. He knows nobody else with whom he wishes to work, he values his privacy, and he dislikes formality, paper work, state filing requirements, and lawyers. What type of business organization should he prefer? Sole Proprietorship
- ▶ When a partnership is found liable for a debt, which assets are first used to pay the debt? Partnership assets
- ▶ If you want to start a partnership what formal requirements do you have to meet? You do not need to satisfy any formal requirements;
- ▶ The relation between the partners of a firm is of Principal and Agent
- ▶ When a partnership is found liable for a debt, which assets are first used to pay the debt? Partnership assets
- ▶ A partnership involves three essential elements.
- ▶ Which of the following actions requires the unanimous consent of all partners before it may be undertaken? Admitting new partners

- ▶ If a firm has paid super-tax, its partners may follow any one of the following behaviours? Pay income tax as required under the law.
- ▶ An ordinary partnership business can have? Not more than 20 partners.
- ▶ A banking partnership business can have? Not more than 10 partners
- ▶ In the absence of an agreement profit and loss are divided by partners in the ratio of? Equally
- ▶ In the absence of an agreement, interest on loan advanced by the partner to the firm is allowed at the rate of 6%
- ▶ Current accounts of the partners should be opened when the capitals are? Fixed
- ▶ Investment in partnership is made by introducing? Cash or non – cash assets
- ▶ Partnership is formed by the partners by? Written or oral
- ▶ Any partner who invests in the business but does not take active part in the business is? Sleeping partner
- ▶ The written agreement of partnership is called? Partnership deed
- ▶ At the time of dissolution? Non cash assets are transferred to realization A/c
- ▶ At the time of dissolution non – cash assets are credited with? Book value
- ▶ If a partner takes over an asset of the firm, his capital account? Will be debited with the amount as agreed
- ▶ Loss on realization is distributed among partners? According to profit and loss ratio
- ▶ Loss on realization is? Debited to partners capital A/c
- ▶ When all partners are insolvent creditors will be? Paid rate ably
- ▶ The persons who have entered into a partnership business are individually called? Realization A/c
- ▶ The persons who have entered into a partnership business are individually called? Partners
- ▶ If no provision is made in agreement regarding the duration of the partnership? Partnership at – will
- ▶ A person who declares by word of mouth as partner of the firm is called? Estoppel's partner
- ▶ A person who receives a share of profits from one of the regular partner is called? Sub – partner
- ▶ The agreement among partners which set out the terms on which they had agreed to form a partnership is called? Partnership deed
- ▶ Every partner has a right to be consulted in all matters affecting the business of? Partnership
- ▶ For the firm interest on drawing is? Income
- ▶ A credit balance on a partner's current A/c is? Part of capital
- ▶ Upon the sale of an established business its good will? Marketable value
- ▶ Old profit sharing ratio minus new profit sharing ratio is equal to? Sacrificing ratio
- ▶ For any decrease in the value of liability, revolution A/c is to be? Credited
- ▶ Revolution A/c is a Nominal A/c
- ▶ When good will is brought in cash by new partner, method is known as? Premium method
- ▶ When a partner dies, firm will receive the? Full amount of policy
- ▶ At the time of dissolution all the assets of firm are transferred to the realization A/c? Book value

- ▶ Balance of realization A/c is transferred to the capital A/c of the partners in? Profit sharing ratio
- ▶ Under fixed capital methods, profit will be credited to? Current A/c
- ▶ Partnership business in Pakistan is governed by partnership Act of 1932
- ▶ The members of partnership firm are individually called as? Partner
- ▶ The object of partnership is to Earn profit
- ▶ Liability of partners in a partnership business is? Un-limited
- ▶ Capital of the partners are maintained by? By any two above methods
- ▶ Drawings of the partners are? Debited to capital A/c
- ▶ A partner has to pay interest on drawings what is the entry in the personal A/c of the partner? Debit partners current A/c
- ▶ Where no provision is made by contract between the partners for the duration of their partnership, or for the determination of their partnership, the partnership is? Partnership at will
- ▶ Interest on capital Account? Debit to profit & loss and credited to partners capital A/c.
- ▶ At the time of admission of a new partner the firm is? Dissolved
- ▶ At the time of admission an incoming partner contributes as goodwill? May or may not pay cash for good will
- ▶ An incoming partner pays his share of good will in cash, and profit sharing ratio of old partner is changed, Good - will be distributed among old partners? According to sacrifice ratio
- ▶ At the time of admission of a new partner, general reserve is? Credited to capital of old partners.
- ▶ A new partner may be admitted to a partnership? With the consent of all partners
- ▶ At the time of a new partner Good will? Belongs only to the old partner who have credited it
- ▶ In the revaluation account a decrease in the value of plant and machinery? Appears on the debit side
- ▶ In the revaluation account an increase in the value of land and building? Appears on the credit side
- ▶ If the remaining partner want to continue the business, after the retirement of a partner, a new partnership agreement? Necessary
- ▶ An account operated to ascertain the loss or gain at the death of a partner is called? Revaluation account
- ▶ Amount due to outgoing partner is shown in the balance sheet as his? Loan
- ▶ The loss or gain an account of revaluation at the time of retirement of a partner is shared by? All partners
- ▶ On the retirement of a partner any reserve being should be transferred to the capital account of? All partners in the old profit sharing ratio
- ▶ Retirement or death of a partner? Is dissolution of partnership agreement
- ▶ In case of retirement of a partner full good will is credited to the accounts of All partners
- ▶ If all the partners, but one are insolvent it is Dissolution of firm
- ▶ If all the partners, but one, are solvent it is Dissolution of firm
- ▶ The members of partnership carrying out business of banking must not exceed 20
- ▶ Assume that a new partner enters an ongoing partnership. The new partner's liability to preexisting

- creditors is best described by which of the following? The new partner is not liable to preexisting creditors of the firm.
- ▶ Partners in Pakistan can today be fixed at the following numbers? 20
  - ▶ The business form(s) in which the owner(s) is (are) personally liable is (are) the? Partnership and proprietorship
  - ▶ Negotiable Instruments Act, 1881 came into force on the? First day of March, 1882
  - ▶ A bill of exchange has how many parties? Three parties
  - ▶ The Negotiable Instruments Act was passed on 9th December, 1881
  - ▶ An Act to that defines and amends the law relating to Promissory Notes, Bills of Exchange and Cheques is called? The Negotiable Instruments Act
  - ▶ There are how many chapters in the Negotiable Instruments Act, 1881? 17 Chapters
  - ▶ There are how many Sections in the Negotiable Instruments Act, 1881? 139 Sections
  - ▶ Negotiable Instruments Act, 1881 extends to the whole of Pakistan
  - ▶ A promissory note has how many parties? Two parties
  - ▶ The grace period for every instrument payable at a specified period after date or after sight is? 3 days
  - ▶ All cheque are bill of exchange, but all bills are not cheque
  - ▶ A bill of exchange is usually drawn on some person or firm, while a cheque is always drawn on a bank.
  - ▶ A cheque can only be drawn payable on demand, a bill may be also drawn payable on demand, or on the expiry of a certain period after date or sight. It is true or not?
  - ▶ A writes a postdated cheque. Is it negotiable? Yes
  - ▶ You write a cheque to pay for your haircut. In this transaction, who is the drawee? Your bank because it must pay the cheque
  - ▶ The carrier holds the goods in transit as? Bailee
  - ▶ An instrument in writing (note being a bank-note or a currency note) containing an unconditional undertaking, signed by the maker, to pay a certain sum of money to or to the order of a certain person, or to the bearer of the instruments is called? Promissory note
  - ▶ The duty and authority of a banker to pay a cheque drawn on him by his customer are determined by notice of adjudication of the customer as an insolvent
  - ▶ An instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument? Promissory note
  - ▶ Banker means a person transacting the business of accepting, for the purpose of lending or investment, of or deposits of money from the public, repayable on demand otherwise withdrawable by cheque, draft, order, or otherwise, and includes any Post Office Savings Bank;
  - ▶ A cheque is always payable? On demand
  - ▶ A bearer cheque may be negotiated by? Mere delivery
  - ▶ A bearer instrument may be negotiated by? Mere delivery
  - ▶ An order instrument may be negotiated by? Endorsement & Delivery
  - ▶ Bearer means a person who by negotiable comes into possession of a negotiable instrument, which is payable to bearer,

- ▶ Delivery means transfer of possession actual or constructive, from one person to another;
- ▶ The Federal Government may, from time to time, by notification in the official Gazette, make rules consistent with this Act for the guidance and control of notaries public under section 139
- ▶ Which Government has power to make rules for notaries public? The Federal Government
- ▶ A bill of exchange is a written acknowledgement of the debt, written by Creditor
- ▶ A bill of exchange is a written acknowledgement of the debt, accepted by Debtor
- ▶ There are usually how many parties to a bill of exchange? 3
- ▶ There are usually how many parties to a promissory note? 2
- ▶ In a promissory note, the maker is known as Debtor
- ▶ In a promissory note, the payee is known as Creditor
- ▶ A promissory note cannot be made payable the maker himself, while in a bill of exchange to the drawer and payee or drawee and payee may be same person.
- ▶ Issue means the first delivery of a promissory notice, bill of exchange or cheque complete in form to a person who takes it as holder.
- ▶ Material alteration in relation to a Promissory note, bill, of exchange or cheque includes an alteration of the date, the sum payable, the time of payment, the of payment, and, where any such instrument has been accepted generally, the addition of a place of payment without the acceptor's assent
- ▶ Notary public includes any person appointed by the Central Government to perform the functions of notary public under this Act and a notary appointed under the Notaries Ordinance, 1961.
- ▶ Where the note, bill or cheque is lost and not found again, or is destroyed, the person in possession of it or the bearer thereof, at the time of such loss or destruction shall be deemed to continue to be its Holder
- ▶ A bill which is not an inland bill is called? Foreign bill
- ▶ The foreign bills are generally drawn in sets of 3 and each sets is termed as a 'via'?
- ▶ A bill of exchange drawn on a specified banker, and not expressed to be payable otherwise than on demand is called? Bills of exchange
- ▶ A bill of exchange involves? Three parties
- ▶ A bearer cheque may be negotiated by? Mere delivery
- ▶ An Order Instrument is the one which is payable to? A named person
- ▶ A has a bill of exchange that does not indicate when it is to be paid as the language of the bill only says "Pay". When is it payable to A? In a reasonable time
- ▶ A writes a cheque on his Habib Bank account to pay for groceries at Utility Stores. Who is the drawee? Habib Bank
- ▶ Which of the following is payable at a definite time? "Payable on or before May 30."
- ▶ A "promissory note" is in an instrument in writing (not being a bank-note or a currency note) containing an unconditional undertaking signed by the maker, to pay on demand or at a fixed or determinable future time] a certain sum of money only to, or to the order of a certain person, or to the bearer of the instrument.

- ▶ A "bill of exchange" is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay on demand or at a fixed or determinable future time] a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument.
- ▶ A bearer instrument is the one which is payable to? To a bearer
- ▶ A bearer instrument may be negotiated by? Mere delivery
- ▶ A promissory note is at maturity on Sunday, being public holiday. Whether such promissory note will be deemed to be due on? The next preceding business day
- ▶ A promissory note, bill of exchange or cheque payable either to order or to bearer, whether the word "order" or "bearer" appear on the instrument or not is called Negotiable instrument
- ▶ A written document which creates a right in favour of some person and which is freely transferable is called Negotiable instrument
- ▶ A promissory note payable either to order or to bearer is a negotiable instrument
- ▶ Bill of exchange payable either to order or to bearer is a negotiable instrument
- ▶ A cheque payable either to order or to bearer is a negotiable instrument
- ▶ Negotiable instruments recognized by statute are Promissory notes, Bills of exchange & Cheques
- ▶ Negotiable instruments recognized by usage or custom are Hundis, Share warrants, Dividend warrants, Bankers draft, Circular notes & Bearer debentures
- ▶ The Contract Act 1872 was passed on 25th April, 1872
- ▶ The Contract Act 1872 was promulgated on first day of September, 1872
- ▶ In order to convert a proposal into a promise, the acceptance must be Unconditional
- ▶ A voidable contract may be turned by the option of the party at a loss into? Valid contract
- ▶ P appoints A as his agent. A is not a person of full age? The appointment of A is Valid
- ▶ The Contract Act 1872 extends to the whole of Pakistan
- ▶ When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, it is said he made Proposal
- ▶ When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be acceptance
- ▶ A proposal, when accepted becomes a Promise
- ▶ The person making the proposal is called? Promisor
- ▶ The person accepting the proposal is called? Promisee
- ▶ A lends some ornaments to B to be used in a marriage. The transaction is? A bailment
- ▶ The appointment of a person of the minor age as an agent is? Valid
- ▶ If a contract has been fully performed by both parties, that contract would be described as? Executed contract
- ▶ An unregistered contract of sale of a computer is? Unenforceable
- ▶ A agrees to pay B 10,000 rupees if his (B's) horse wins the race. The horse died one day before the race. The contract is? Void
- ▶ A contract of which one party promises to save the other from loss caused to him by the conduct of the promise himself or by the conduct of any other person is called a Contract of indemnity

- ▶ A person who works under the control of another is known as an Agent
- ▶ The best, simple definition of a contract is a legally enforceable agreement
- ▶ Salman signs a written contract with Khalid giving him the right to cast his votes in the election for the directors of Hashiya Limited, whose shares Salman holds. This agreement between Salman and Khalid is known as a proxy
- ▶ A sent a proposal to B by post for the sale of his house. B accepted the offer by post. A may revoke his proposal at any time before B receives the letter of proposal
- ▶ Danish offers to sell to Sadiq a mobile phone for Rs. 550. Sadiq tells Danish that he will take the phone for Rs. 540. Nothing further is said and the next day, Danish demands Rs. 450 from Sadiq in exchange for the phone? Sadiq is not bound to pay as there is no contract;
- ▶ When an offer can only be accepted by the performance of the person to whom the offer is made, is characteristic of implied contracts
- ▶ A tells B, "If you stood first in the class, I'll pay you Rs.5000.00. B stood first in class and A paid him Rs.5000.00? A and B had an executed contract
- ▶ A offers to sell B his motorcycle at some time in the future. B accepts. Is there a valid contract? Definitely not because A failed to communicate the offer
- ▶ A offers to sell B his collection of rare books for Rs.5000.00. Before B even has a chance to accept, A says, "Sorry, I changed my mind, no deal." This is an example of Revocation
- ▶ A and B enter into a contract in which A agrees to deliver milk to a restaurant. They forget to include a price in the agreement. A court will determine a reasonable price and insert it into the contract
- ▶ A tells B that he will pay him Rs. 200 if B will wash his car which B does, is a bilateral contract
- ▶ A called his friend B and offered to give him two tickets of a cricket match taking place next month. B said "okay! I love to watch cricket matches." A few days later A called B and told him that he couldn't give B the tickets. Assuming B sued A? He would probably lose as the court would hold no contract was formed
- ▶ What is a coercion? The unlawful detaining or threatening to detain, any property, to the prejudice of any person whatever
- ▶ If A is hit by a car, and B, a doctor, sees the incident and performs emergency first aid upon A which results in A recovery? A quasi contract is created between the parties.
- ▶ The most common form of agency is express
- ▶ When someone gives to another person a power of attorney, this means that such person given the power has authority to act as an agent
- ▶ If the consideration for an agreement is inadequate, the agreement is Valid
- ▶ A Void Contract is ceased to be a valid agreement
- ▶ X agrees not to carry on a similar business with Y for two years in consideration of Rs. 50,000/- as goodwill. The agreement is? Valid
- ▶ Fire caused by lightening is called an Act of God
- ▶ An obligation arises from a contract
- ▶ Under the doctrine of quasi contract, a plaintiff may recover in "quantum merit", a Latin phrase that means "as much as he deserves"

- ▶ The effect of coercion on a contract is that the contract becomes voidable
- ▶ Agreement, the meaning of which is uncertain is? void
- ▶ An agreement which is enforceable by law at the option of one or more of the parties there on but not at the option of the other or others is a voidable contract
- ▶ Where the promisee has to apply to the Promisor for performance, such application should be made at a proper time and place. What is proper time and place is a Question of fact
- ▶ "No consideration, No contract" is the rule of law
- ▶ What is a quasi contract? A quasi contract has only a legal obligation
- ▶ In case, where a proposal and its acceptance are not made by words and are inferred from the conduct of the parties. They are known as implied offers
- ▶ For the purposes of entering into a contract, a Minor is a person who has not completed his age of 18 years
- ▶ The Contract Act, 1872 consists 238 sections
- ▶ When one person signifies to another his willingness to do or to abstain from doing anything with a view to obtaining the assent of that other person to such act or abstinence he is said to make a Proposal
- ▶ When the person to whom the proposal is made signifies his assent thereto the proposal is said to be accepted then it is called Promise
- ▶ The person making the proposal is called Promiser
- ▶ The person to whom proposal is made is called Promisee
- ▶ Every promise and every set of promises forming the consideration for each other? An agreement
- ▶ There are 3 essential ingredients of a contract
- ▶ "Reciprocal" Contracts means bilateral contracts
- ▶ Promise which forms the consideration or part of the consideration for each other is called reciprocal promise
- ▶ An agreement not enforceable by law is called void agreement
- ▶ An agreement enforceable by law is called? Contract
- ▶ An agreement which is enforceable by law at the option of one or more of the parties there to but not at the option of other or others is a voidable contract
- ▶ A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable is called? Void contract
- ▶ A proposes by letter to sell a house to B. The Communication of the proposal is complete? When B accepts the proposal
- ▶ Section 5, of the Contract Act, deals with Revocation of proposals and acceptances
- ▶ A proposal may be revoked by ways as are provided in section 6 of the Contract Act 1872.
- ▶ As per section 6 of the Contract Act, 1872 there are 4 ways for revocation of proposal.
- ▶ A proposal may be revoked at any time before the communication of its acceptance
- ▶ In order to convert a proposal into a promise the acceptance must be absolute
- ▶ Which of these does not constitute Fraud? Innocent statement, honestly believing the same to be true

- ▶ If by agreement, a person is bound to do something which is against his personal or professional duty, or which intervenes in another's personal or professional interest, it is Void
- ▶ An essential feature of consideration is that? It must be at the desire or request of the Promisor
- ▶ A promises to supply 50 sets of Men's suit of a particular type to B three months hence. By that time there is no demand for those suits. A & B can rescind the contract. This is called? Mutual Rescission
- ▶ Nominal Damages can be awarded only at the discretion of the court
- ▶ R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is valid
- ▶ A agrees to pay Rs. 500 to B if it rains, and B promises to pay a like amount to A if it does not rain, this agreement is called wagering agreement
- ▶ In case of illegal agreement, the collateral agreements are void
- ▶ A, B and C jointly promised to pay Rs. 90,000 to D. Before performance of the contract, C dies. Here the contract? Should be performed by A and B along with C's legal representatives
- ▶ A contract is discharged by Rescission, which means the cancellation of the existing contract.
- ▶ Sometimes, a party is entitled to claim compensation in proportion to the work done by him. It is possible by a suit for Quantum Meruit
- ▶ coercion is the committing, or threatening to commit, any act forbidden by the Pakistan Penal Code or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement
- ▶ What is called an agreement between two or more parties in which an offer is made and accepted, and each party benefits? Contract
- ▶ All the agreements are contracts if they are made by free consent of the parties competent to contract for a lawful consideration and object
- ▶ The age limit for making a contract is? Majority
- ▶ A contract made by lunatic is Void in the eye of Law
- ▶ Free consent is Essential element for contract
- ▶ Free consent is defined in section 14 of the Contract Act
- ▶ The committing or threatening to commit any act forbidden by the Pakistan Penal Code, or the unlawful detaining or threatening to detain any property to the prejudice of any person whatever with intention of causing any person to enter into an agreement is called coercion
- ▶ Undue influence make a contract? void
- ▶ A man enfeebled by disease or age is include by B's influence over him as his medical attendant to agree to pay B, a unreasonable sum for his professional services? B employees undue influence
- ▶ Fraud is defined in Section 17 of the Contract Act
- ▶ The suggestion as a fact of that which is not true by one who does not believe it to be true and the active concealment of a fact by one having knowledge or believe of the fact is called Fraud
- ▶ Section 18 of the Contract Act, deals with Misrepresentation

- ▶ Coercion, Fraud and misrepresentation makes contract voidable on the option of the party whose consent so caused
- ▶ Every agreement, by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract by the usual legal proceeding in the ordinary tribunal or which limits the time within which he may thus enforce his right void agreement
- ▶ A's son has forged B's name to a promissory note. B under threat of prosecuting A's son obtain a bond from A for the amount of the forged note. If B sues on this bond? The Court may set aside the bonds
- ▶ A intending to deceive B, falsely represents that five hundred munds of indigo are made annually at A's factory and thereby induces B to buy the factory? The contract is voidable on the part of B
- ▶ Mistake of fact does not make a contract voidable
- ▶ The consideration or object of an agreement is lawful unless it is? Forbidden by law
- ▶ Where both the parties are under mistake as to matter of fact the agreement is? Void
- ▶ A agrees to buy from B a certain horse. It turns out that the horse was dead at the time of the bargain though neither party was aware of the fact the agreement is? Void
- ▶ Agreement without consideration is? Void
- ▶ Fraud means and includes, any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with intent to deceive another party thereto or his agent, or to induce to enter into the contract
  - ▶ A promises to superintend on behalf of B, a legal manufacture of indigo and an illegal traffic in other articles, B promises to pay A salary of 10,000/- rupees year. The agreement is void the object of A's promise, and consideration for B's promise being in part? Unlawful
  - ▶ A contract to do or not to do something if some event collateral to such contract does or does not happen is called Contingent contract
  - ▶ A contract to pay B Rs. 10,000 if B's house is burnt the contract is Contingent Contract
  - ▶ A makes a contract with B to buy B's horse if A survives C. This contract cannot be enforced by law? Unless and until C dies in A's life time
  - ▶ A person to whom money has been paid or anything delivered by mistake or under coercion? He is bound to return it
  - ▶ A promises to pay B a sum of money if a certain ship return within a year. The Contract may be enforced if the ship returns within the year, and becomes Void if the ship is burnt within the year.
  - ▶ Section 51, of the Contract Act, 1872 deals with performance of Reciprocal Promisee
  - ▶ Reciprocal promises should be performed in reciprocal manners
  - ▶ When there is breach of contract the party which aggrieved by breach is entitled for Compensation against the breacher
  - ▶ Section 124, of the Contract Act, define contracts of Indemnity
  - ▶ A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself or by the conduct of any other person is called? Contract of Indemnity
  - ▶ The contract of Insurance is Infact contract of? Indemnity

- ▶ M offers to sell his house for N for Rs. 36 Lakhs and states in his letter that the offer would be considered if acceptance is not communicated within a certain time. Her the letter of M would? Amount to a promise
- ▶ A in consideration that B will employ C in collecting the rent of B's zamindari, promises B to be responsible, to the amount of 5000 rupees for the due collection and payment by C of those rents. This is a Continuing guarantee
- ▶ Contingent contract is a contract to do or not to do something, of some event, collateral to such contract, does or does not happen
- ▶ Section 142 of the Contract Act 1872 deals with Guarantee obtained by misrepresentation
- ▶ Any guarantee obtained by means of misrepresentation made by the creditor or with his knowledge and assent concerning a material part of the transaction is? Invalid
- ▶ "Guarantee" means surety
- ▶ The contract of guarantee is a contract in which a person perform the promise or discharge the liability of Third person
- ▶ In contract of guarantee the person who gives guarantee is called? Surety
- ▶ In contract of guarantee the person at whose place guarantee given is called? Principal debtor
- ▶ A continuing guarantee may at any time be revoked by the surety as to future transaction by giving notice to the creditor
- ▶ As per section 143, of the Contract Act guarantee obtain by the creditor by concealment is invalid
- ▶ Section 146 of the Contract Act, deals with liabilities of Co-sureties
- ▶ The term "Bailment" means a delivery of a thing entrusted for some special purpose or object upon a contract
- ▶ The definition of 'Bailment' is provided in section 148 of the Contract Act.
- ▶ The delivery of goods by one person to another for some purpose upon a contract that they shall when the purpose is accomplished be returned or otherwise dispose of upon discretion of the delivering person the contract is called Bailment
- ▶ The person who during the contract of bailment deliver goods is called? Bailor
- ▶ The person to whom goods are delivered according Bailment is called? Bailee
- ▶ In Bailment, bailor is duty bound to disclose fault in goods bailed as provided in section 150, of the Contract Act
- ▶ A hires a carriage of B. The carriage is unsafe though B is not aware of it and A is injured B is responsible to A for the injury
- ▶ The bailment of goods as security for payment of debt or performance of a promise is called Pledge
- ▶ In pledge bailor is called Pawnor
- ▶ The term "Pledge" means a thing which is given as security
- ▶ In pledge contract bailee is called? Pawnee
- ▶ Promises which form the consideration or part of the consideration for each other called reciprocal promises
- ▶ An agreement not enforceable by law is said to be void
- ▶ An agreement enforceable by law is called a contract
- ▶ An agreement which is enforceable by law at the opinion of one or more of the parties thereto, but not at the opinion of the other or others, is a voidable contract

- ▶ A contract is said to be induced by undue influence where the relation subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain unfair advantage over the other
- ▶ When the consent of a party is obtained by misrepresentation, the contract is voidable
- ▶ Where one party is in a position to dominate the will of another and uses his superior position to obtain the consent of a weaker party, the consent is said to be obtained by undue influence
- ▶ An agreement, which prevents a person from carrying a lawful business is? void
- ▶ Agreement with a view to defraud others is? Void
- ▶ A contract which ceases to be enforceable by law becomes Void when it ceases to be enforceable
- ▶ On the valid performance of the contractual obligations by the parties to the contract is discharged
- ▶ Section 178, of the Contract Act 1872 deals with Pledge by mercantile agent
- ▶ A person employed to do any act for another or to represent another in dealings with third person is called agent
- ▶ The person for whom agents do any act or to represents whom is called? Principal
- ▶ As provided in section 183, any person who is of the age of majority according to the law to which he is subject and who is of sound mind may employ? An agent
- ▶ Section 184, of the Contract Act deals with qualification of agent
- ▶ As per section 185 of the Contract Act, 1872 consideration is? Not necessary to create agency
- ▶ The person acting employed by under the control of the original gent in the business of the agency is called Sub-agent
- ▶ In spirit of section 189, of the Contract Act agents authority in an emergency is unlimited agent can do all necessary act without principal permission
- ▶ A party who rightfully rescinds the contract is also entitled to receive compensation from the defaulting party.
- ▶ A minor's liability for "Necessaries" supplied to him? is against only minor's property
- ▶ When the consent to an agreement is obtained by coercion, the agreement is voidable at the option of a party whose consent was so obtained
- ▶ Where an agreement consists of two parts one legal and the other illegal, and the legal part is separable from the illegal, one, such legal part is valid
- ▶ A contract dependent on the happening or non-happening of future uncertain event is a contingent contract
- ▶ Where the consent of a party is obtained by misrepresentation, the contract is voidable
- ▶ A principal is responsible for all the acts of his agent which is called vicarious liability
- ▶ An agent is bound to render proper account to His principal on demand
- ▶ R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is valid
- ▶ A agrees to pay Rs. 500 to B if it rains, and B promises to pay a like amount to A if it does not rain, this agreement is called wagering agreement

- ▶ A Development Authority's announcement for making an allotment of plots on first come first served basis on payment of full consideration is called an offer
- ▶ Consent is set to be free when it is not caused by Coercion, Undue influence & Fraud or misrepresentation
- ▶ An agreement which is enforceable by law at the option of the deceived party is a voidable contract
- ▶ A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract? A is not bound to inform B
- ▶ 'Consensus ad idem', means an agreement upon the same thing in the same sense
- ▶ A contract may be discharged by performance, by impossibility of performance & by Breach
- ▶ The effect of frustration of a contract is the dissolution of the contract occurs automatically
- ▶ The parties to the contract agree to substitute the existing contract with new contract. This is Novation
- ▶ After novation the original is discharged and need not be performed
- ▶ Which account is an asset account? Cash, Accounts Receivable, Inventory
- ▶ Which account is a liability account? Account Payable
- ▶ Which is a revenue account? Sales
- ▶ Commerce is the activity of buying and selling of goods and services, especially on a large scale.
- ▶ Which is an expense account? Janitorial Services
- ▶ Which of the following accounts is an equity account? Owner's Capital
- ▶ The left side of an account is referred to as? Debit Side
- ▶ What Does Capital Outlay mean? A disbursement of money which results in the acquisition of or addition to fixed assets, i.e., land acquisition, building and construction, addition, renovation
- ▶ What Does Capitalization Policy mean? The criteria used to determine which capital outlays should be reported as capital assets on the state's financial statements.
- ▶ An account that can be used by sole traders and partnerships to place the amount by which the total purchase price paid for a business is less than the valuation of the net assets acquired.
- ▶ Limited companies cannot use a capital reserve for this purpose.
- ▶ A reserve which is a balance of profit retained that can never be used for the payment of cash dividends.
- ▶ Reserves are normally created specifically under the provisions of the Companies Acts 1985 and 1989. Examples include a capital redemption reserve and a share premium account.
- ▶ What Does Cash Book mean? A book of original entry for cash and bank receipts and payments
- ▶ What Does Cash equivalents mean? Temporary investments of cash not required at present by the business, such as funds put on short-term deposit with a bank.
- ▶ Temporary investments must be readily convertible into cash or available as cash within three months.
- ▶ What Does Cash flow statement mean? A statement showing how cash has been generated and disposed of by an organization. The layout is regulated by FRS 1.

- ▶ What Does Cash-based accounting mean? A receipts-and-payments-based accounting system.
- ▶ What Does Cash Basis mean? A basis for accounting whereby revenues are recorded only when received and expenses are recorded only when paid without regard to the period in they were earned or incurred.
- ▶ What Does Cash Discount mean? An allowance received or given if payment is completed within a stated period of time.
- ▶ What Does Cash Disbursements mean? Cash disbursements are any monies (e.g., cash, checks, warrants, ACH/EFT, etc.) paid by the state during a period regardless of when the related obligations are incurred.
- ▶ What Does Cash Receipts mean? Any moneys (e.g., currency, coins, checks, money orders, or other negotiable instruments) received by the state during a period regardless of when the moneys are earned.
- ▶ What Does Chart of Accounts mean? The list of account codes used in a computerized accounting system.
- ▶ What Does Cheque book mean? Book containing forms (cheques) used to pay money out of a current account.
- ▶ What Does close off the account mean? Totaling and ruling off an account on which there is no outstanding balance.
- ▶ What Does Columnar Purchases Day Book mean? A Purchases Day Book used to record all items obtained on credit. It has analysis columns so that the various types of expenditure can be grouped together in a column.
- ▶ What Does Columnar Sales Day Book mean? A Sales Day Book used to show the sales for a period organized in analysis columns according to how the information recorded is to be analyzed.
- ▶ What Does Compensating error mean? Where two errors of equal amounts, but on opposite sides of the accounts, cancel each other out.
- ▶ What Does Contra mean? A contra, for Cash Book items, is where both the debit and the credit entries are shown in the Cash Book, such as when cash is paid into the bank.
- ▶ What Does Consolidation accounting mean? This term means bringing together into a single balance sheet and profit and loss account the separate financial statements of a group of companies. Hence they are known as group financial statements.
- ▶ What Does Consumer Price Index mean? A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers. The CPI for all urban consumers covers about 80% of the total population.
- ▶ What Does Contingent Liability mean? Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled dispute claims, unfilled purchase orders, and uncompleted contracts.
- ▶ What Does Control Activities mean? The third component of internal controls; the structure, policies, and procedures, which an organization establishes so that identified risks do not prevent the organization from reaching its objectives.
- ▶ What Does Contribution mean? The surplus of revenue over direct costs allocated to a section of a business.
- ▶ What Does Corporate governance mean? The exercise of power over and responsibility for corporate entities.

- ▶ What Does Corporation tax mean? A form of direct taxation levied on the profits of companies. The rate is determined each year in the Finance Act.
- ▶ What Does Control account mean? An account which checks the arithmetical accuracy of a ledger.
- ▶ What Does Cost centre mean? A production or service location, function, activity, or item of equipment whose costs may be attributed to cost units.
- ▶ What Does Cost unit mean? A unit of product or service in relation to which costs are ascertained.
- ▶ What Does Cost of control mean? An alternative expression to goodwill.
- ▶ What Does Credit mean? The right-hand side of the accounts in double entry.
- ▶ What Does Credit card mean? A card enabling the holder to make purchases and to draw cash up to a pre-arranged limit. The credit granted in a period can be settled in full or in part by the end of a specified period. Many credit cards carry no annual fee.
- ▶ What Does Credit note mean? A document sent to a customer showing allowance given by a supplier in respect of unsatisfactory goods.
- ▶ What Does Creditor mean? A person to whom money is owed for goods or services.
- ▶ What Does Creditor/purchases ratio mean? A ratio assessing how long a business takes to pay creditors.
- ▶ What Does Current liabilities mean? Liabilities to be paid for within a year of the balance sheet date.
- ▶ What Does Day books mean? Books in which credit sales, purchases, and returns inwards and outwards of goods are first recorded. The details are then posted from the day books to the ledger accounts.
- ▶ What Does Debenture mean? Loan to a company is called Debenture.
- ▶ What Does Debit card mean? A card linked to a bank or building society account and used to pay for goods and services by debiting the holder's account.
- ▶ Debit cards are usually combined with other facilities such as ATM and cheque guarantee functions.
- ▶ What Does Debit note mean? A document sent to a supplier showing allowance to be given for unsatisfactory goods.
- ▶ What Does Debtor mean? A person who owes money to a business for goods or services supplied to him.
- ▶ What Does Debt mean? An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of the state include bonds, accounts payable, and other liabilities.
- ▶ What Does Deficit mean? The excess of the liabilities and reserves of a fund over its assets or the excess of expenditures over revenues during an accounting period.
- ▶ What Does Deficit Financing mean? A situation in which the Federal government's excess of outlays over receipts for a given period is financed by borrowing from the public.
- ▶ What Does Detective Control mean? A control designed to discover an unintended event or result (contrast with Preventative Control).
- ▶ What Does Deferred taxation mean? Timing differences arise between the accounting treatment of events and their taxation results. Deferred taxation accounting adjusts the differences so that the accounts are not misleading.
- ▶ What Does Depletion mean? The wasting away of an asset as it is used up.

- ▶ What Does Deposit account mean? A bank account for money to be kept in for a long time.
- ▶ What Does Depreciation mean? The part of the cost of a fixed asset consumed during its period of use by the firm.
- ▶ Depreciation represents an estimate of how much of the overall economic usefulness of a fixed asset has been used up in each accounting period.
- ▶ Depreciation is charged as a debit to profit and loss and a credit against fixed asset accounts in the General Ledger.
- ▶ What Does Direct costs mean? Costs that can be traced to the item being manufactured.
- ▶ What Does Direct debit mean? A medium used to enable payments to be made automatically into a bank account for whatever amount the recipient requests.
- ▶ What Does Discounts allowed mean? A deduction from the amount due given to customers who pay their accounts within the time allowed.
- ▶ What Does Discounts received mean? A deduction from the amount due given to a business by a supplier when their account is paid before the time allowed has elapsed.
- ▶ Discounts received appears as income in the profit and loss part of the trading and profit and loss account.
- ▶ What Does Dishonoured cheque mean? A cheque which the writer's bank has refused to make payment upon.
- ▶ What Does Dissolution mean? When a partnership firm ceases operations and its assets are disposed of.
- ▶ What Does Dividends mean? The amount given to shareholders as their share of the profits of the company.
- ▶ What Does Double entry bookkeeping mean? A system where each transaction is entered twice, once on the debit side and once on the credit side.
- ▶ What is a single entry system? When only one (single) aspect of a transaction is recorded in the books of account, it is referred as single entry system.
- ▶ What is a double entry system? When dual (two, double) aspects of a transactions is recorded, it is called double entry system.
- ▶ What are the special journals? As the name suggests special journal are utilized to record special or specific journal entries in each of the specialized journal.
- ▶ All credit sales will be recorded in sales journal whereas all credit purchases will be recorded in purchases journal and so on.
- ▶ What is a credit note? A credit note is issued by a business to the customer or buyer, accepting the return of good by customer because of some defects in goods or any other reason.
- ▶ What is a debit note? A debit note is sent by the customers to a business letting the business know why they have returned the goods.
- ▶ A credit note contains the description and reason for return of goods.
- ▶ Management theories are interpretive and evolve with organisational changes.
- ▶ Which approach to the study of organisational behaviour emphasises the formal structure, hierarchy of management, the technical requirements and the assumption of rational behaviour? The classical approach.
- ▶ Which is sub-grouping of the classical approach? Scientific management and bureaucracy.

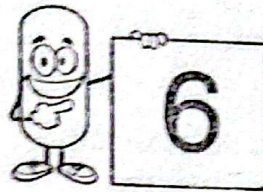
- ▶ The systems approach encourages managers to view the organisation both as a whole and as part of a larger environment
- ▶ An advantage of dividing the writers on organisational management into various approaches? It enables the manager to take from the different approaches those ideas which best suit the requirements of the job
- ▶ What is the major criticism of the attempt to define generalised models of management theory? The assumption of national culture
- ▶ Management takes place within a structured organizational setting with prescribed roles. It is directed towards the achievement of aims and objectives through influencing the efforts of others.
- ▶ Who was the first person to actually give a definition of management which is generally familiar today namely 'forecast and plan, to organize, to command, to co-ordinate and to control'? Henri Fayol
- ▶ Administration can be viewed as part of management
- ▶ Brech identifies four main elements of management. They are: planning, control, co-ordination and motivation
- ▶ Mintzberg classified the activities of monitoring, disseminating and being a spokesperson as part of a manager's Informational role.
- ▶ Kotter identified the significant activities which all managers had in common as agenda setting and network building
- ▶ Managers require a combination of technical competence, social and human skills and conceptual ability.
- ▶ Technical competence may be defined as: The ability to apply specific knowledge, methods and skills to discrete tasks
- ▶ What type of approach is most frequently identified with Human Capital Management (HCM)? Controlling
- ▶ In the Blake and Mouton Leadership grid, which management style has a low concern for people but a high concern for production? Authority-compliance
- ▶ MBO stands for Management by Objectives
- ▶ When the strength provides superior and unique customer value and is difficult to imitate then the distinctive competence creates a sustainable Competitive advantage
- ▶ According to Knights and Williams, what could management be seen as? An everyday activity involving interactions between people
- ▶ Dell Company sells the variety of products like computers, laptops, accessories over the internet. Dell is engaged in E- Business
- ▶ The people who work under the first line managers are often called Non managers or Skilled workers or Semi skilled workers
- ▶ A plan developed to carry out a course of action that is not likely to be repeated in the future is called Single-use plan
- ▶ As per Mintzberg, the leader of an organization performs? An Interpersonal role, an Informational role and a Decisional role
- ▶ A manager transmits the information outside the organization. He is performing which of the following role? Spokesperson
- ▶ Which are included in Watson's method of viewing management? Management as magic, management as art, management as science, management as politics
- ▶ Which of the following skill is most essential to get most out of the people? Human skill

- ▶ The degree to which jobs are standardized and guided by rules and procedures is called formalization
- ▶ Which factor has been the most rapidly changing component in an organization's general environment in the past quarter-century? Technological
- ▶ Monitoring organizational progress towards goal attainment is called Controlling
- ▶ Which one of the following individuals is most closely associated with scientific management? Frederick Taylor
- ▶ Which of the following means that you achieve the best possible balance among several goals? Optimizing
- ▶ PERT Chart assists in Budgeting the tasks within an organization.
- ▶ As a transportation manager you are supposed to select transportation routes to minimize shipping cost. Which optimum technique will be used? Project management
- ▶ The process of monitoring performance, comparing it with goals and correcting any significant deviations is known as controlling
- ▶ Nestle and ICI have taken steps to address human rights issues in their overseas factories. This represent that these companies have socially responsibility
- ▶ Asma, a new manager at XYZ Inc. primarily worries about assembling and coordinating the human, financial, physical, and other resources needed to achieve her goals. Which function is Asma primarily concerned about? Organizing
- ▶ The set of strengths, characteristics and qualities including skills, technologies, or resources that distinguish a firm from its competitors is called Distinctive Competency
- ▶ All of the following are the characteristics of an organization? People, Product and Purpose
- ▶ Which management thinker created a role classification system based on how managers spend their time at work to describe a manager's role? Henry Mintzberg
- ▶ The process of collaborative goal setting by a manager and subordinate; the extent to which goals are accomplished is a major factor in evaluating and rewarding the subordinate's performance. It is called Management by objective
- ▶ Which of the following is the process of developing businesses to pursue trends and changes that no one else has seen before? Entrepreneurship
- ▶ What is the best term to describe the process of attempting to influence other people to attain the organization's objectives? Leading
- ▶ An organization that assigns specialists from different functional departments to work on one or more than one projects being led by project managers is called Matrix organization
- ▶ Activities such as taking visitors to dinner and attending ribbon cutting ceremonies come under which of the following management role? Figurehead
- ▶ The degree to which decision making is confined at a single point in an organization is described as Centralization
- ▶ Global competition, accelerated product development by competitors, and increased demands by customers for better service have encouraged organizations to become more Organic
- ▶ The idea that employees should also share the profit of organization was given by Charles Babbage

- ▶ Plant managers come under which of following management levels? Middle managers
- ▶ When Shumaila is comparing actual sales figures with goals established earlier to see if her department met the target, she is performing which of the following functions? Controlling
- ▶ Which one of the following ethical approaches exemplifies the belief that every person has fundamental human rights that should be respected as well as protected? Rights approach
- ▶ Scheduling identifies the order of activities to be performed in order to achieve a particular goal.
- ▶ All levels of management between the supervisory level and the top level of the organization are termed as Middle managers
- ▶ A situation in which an organization is not implementing valuable strategies that are being implemented by competing organization is called Competitive disadvantage
- ▶ A budget is an example of which of the following plan? Single use plan
- ▶ The management function that specifies goals to be achieved and deciding in advance the appropriate actions to achieve those goals is Planning
- ▶ Opportunity problem is a situation that offers a strong potential for significant organizational gain if appropriate actions are taken
- ▶ Pakistan Federal government has passed disabilities act of 2005 to protect rights of disable persons and to give them flexibility in job. This comes under which of the following environmental sub context? Political/legal
- ▶ Which of the following statement best describes Social Obligation? Firm's obligation pursue long term goals that are good for society
- ▶ Which of the following view is concerned with respecting and protecting individual liberties and privileges such as the rights to privacy, freedom of conscience, free speech, life and safety, and due process? Rights view
- ▶ Communication should be 2 way
- ▶ Which type of environment is best suited for mechanistic organizations? Stable
- ▶ The process through which raw materials changed into consumer products is termed as Transformation process
- ▶ The best way to characterize management is to say that it is an overcrowded career field
- ▶ Computers and campus facilities given to a university are called its Information resources
- ▶ Which is the most common cause of business failure? Poor entrepreneurship
- ▶ GANTT Chart is a tool of Scheduling
- ▶ Transformation process within a system transfers Inputs into finished goods
- ▶ Sales responsibilities divided into the Southwest, Midwest, southern, northern, and western regions would be an example of what type of departmentalization? Geographic
- ▶ In the MBO system? Goals are used as controls
- ▶ An organic organizational structure is characterized by Minimal formalization
- ▶ In XYZ Company HR director has negotiated with striking employees who were demanding for increase in salaries due to inflation. He has performed the role of Liaison
- ▶ Which statement best describes Social Obligation? Firm's obligation pursue long term goals that are good for society

- ▶ In order to communicate, motivate and delegate a manager must have Interpersonal skills
- ▶ In the pyramid of levels of management, non-managerial staff is placed at/in? Bottom
- ▶ How would you define the problem if all outcomes of every alternative are known? Certainty
- ▶ The process of monitoring performance, comparing it with goals and correcting any significant deviations is known as Controlling
- ▶ Mr. A is a Manager on XYZ company; he has a reputation for being an open and honest person and understands how to motivate employees and customers, he said to have good Interpersonal skills
- ▶ Someone who works with and through other people by coordinating their work activities to accomplish organizational goals is called A Manager
- ▶ XYZ Company has policy of employee's Job security, career progress and ensure that replacement are available to fill vacancies. This company is practicing which of the following principle? Initiative
- ▶ The Continues line if authority that extends from the upper level of management to the lowest levels of the organization is called? Chain of command
- ▶ Which ethical approach guided by what will result in the greatest good for the greatest number of People? Moral Rights Approach
- ▶ Plans that Provide guidelines form activities to be performed repeatedly like policy, procedure are called Snor term Plans
- ▶ Which is the most common cause of business failure? Insufficient Capital
- ▶ Reading of a business journal, publication on regular basis to gather information for upcoming business trends, this role is called Spokesperson
- ▶ Which of the following is the accountability for the achievement of objectives, the use of resources, and the adherence to organizational policy? Planning
- ▶ Which of the following is important in effectively implementing the chosen alternative in the decision-making process? Allowing those impacted by the outcome to participate in the process
- ▶ System Theory and Contingency Theory are related to Classical theories
- ▶ Actions are large scale action plans of an organization for interacting with environment in order to achieve long term goals.
- ▶ Selecting an alternative in the decision-making process is accomplished by Choosing the alternative with the highest score
- ▶ The process of monitoring performance, comparing it with goals and correcting any significant deviations is known as Controlling
- ▶ When Usman decides to deploy employees to another department that is lagging behind in production, he is acting in which of the following roles? Resource allocator
- ▶ The greater the risk involves in making a decision, the greater the Rewards
- ▶ Each subordinate should report to one and only one superior is called Unity of command
- ▶ Which of the following is part of the 14 principles of management identified by Henri Fayol? Scalar chain

- ▶ A learning organization has developed its Capacity to adapt and change
- ▶ In Maslow's need hierarchy, a healthy work environment is an example of what type of need? Safety
- ▶ The plans which deal with fairly small set of activities are called Operational plan
- ▶ Which of the following is known as the process of getting activities completed efficiently and effectively with and through other people? Management
- ▶ The assignment of new or additional responsibilities to a subordinate is called? Delegation
- ▶ The organization which has no interaction with its external environment is called closed system



- ▶ Which is called output of a system? Material
- ▶ Who is credited for the theory of motivation based on the hierarchy of needs? Abraham Maslow
- ▶ The SWOT approach assesses an organization's? Strengths, Weaknesses, Opportunities, Threats
- ▶ An office supply firm that has three departments based upon retail, wholesale, and governmental customers is using which of the following types of departmentalization? Functional
- ▶ To determine the Decision criteria a manager must determine what is relevant or important in resolving the problem.
- ▶ A manager who strives to ensure the activities of the organization's employees are supported and blend well with those of individuals outside the firm could be said to hold which of the following interpersonal role within the company? Figure head
- ▶ What would be the best description of plans that focus on the broad future of the organization and incorporate both external environmental demands and internal resources into managers' actions? Strategic plans
- ▶ Which of the following scientist is most closely associated with the Hawthorne studies? Mayo
- ▶ When objectives are not written down or rarely verbalized, and the planning is general and lacks continuity, which of the following types of planning is used? Informal planning
- ▶ Which of the following is the power that rests on the leader's ability to punish or control? Expert power
- ▶ Inspiring people to be high performer is called leading
- ▶ Which of the following theory is currently the most widely accepted when describing employee motivation? Three-need
- ▶ Activities such as taking visitors to dinner and attending ribbon cutting ceremonies come under which of the following management role? Liaison
- ▶ LG and Sony electronics agreed to cooperate on developing new technologies. Representatives from each firm meet regularly to coordinate this new venture. Which of the following roles these managers are playing? Liaison
- ▶ A skill or capability that enables an organization to conceive of and implement its strategies is its? Strength
- ▶ The task environment of organizations consists of constituencies that have a direct impact on managers' decisions and actions. The main constituencies are made up of customers, suppliers, competitors, and Legislators
- ▶ Set of processes involved in creating or determining the strategies of the organization is called Strategy formulation
- ▶ What type of an organization actively creates, acquires, and transfers knowledge within itself and is able to modify its behaviour to reflect new knowledge? Learning organization

- ▶ Which of the following is a general statement or understanding that guide or channelize thinking in decision making? Policy
- ▶ Which of the following is a process that involves managers from all parts of the organization in the formulation of strategic goals? Strategic management
- ▶ Maslow's need hierarchy, a healthy work environment is an example of what type of need? Safety
- ▶ What would be the best description of plans that focus on the broad future of the organization and incorporate both external environmental demands and internal resources into managers' actions? Strategic plans
- ▶ When call centre managers spend much of their time monitoring customer calls and giving employees feedback about how to improve their dialogue with customers in the future, these managers are using which of the following skills? Technical
- ▶ The process of selecting decision criteria is accomplished by Flipping a coin to produce a 50-50 chance of being right
- ▶ Alternatives that an organization chooses from its operations across several industries and several markets is called Market-level strategy
- ▶ In the MBO system? Objectives are determined by management
- ▶ Strategic plans cover a broader view of the organization and include the formulation of goals, whereas operational plans define ways to achieve the goals
- ▶ The first step in the decision-making process is? Identifying a problem
- ▶ A skill or capability that enables an organization to conceive of and implement its strategies is its Strength
- ▶ The management function that specifies goals to be achieved and deciding in advance the appropriate actions to achieve those goals is planning
- ▶ The plans which deal with fairly small set of activities are called personal plan
- ▶ The art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives? Strategic management
- ▶ Social obligation is the obligation of a business to meet its? Economic and legal responsibilities
- ▶ The method by which strategies are operational zed or executed within the organization is called Strategy implementation
- ▶ In some countries, such as Venezuela, titles, rank, and status carry a lot of weight. These countries have a large? Power distance
- ▶ Which of the following is associated with the classical view of social responsibility? Economist Robert Reich
- ▶ Which of the following management thinker created a role classification system based on how managers spend their time at work to describe a manager's role? Henry Mintzberg
- ▶ Which of the management tasks is the most important for a supervisory manager? Controlling
- ▶ Forecasting techniques fall into which of the following two categories? Quantitative and qualitative
- ▶ Which of the following theory is currently the most widely accepted when describing employee motivation? Three-needs
- ▶ A leader, such as Bill Gates of Microsoft, who can inspire followers above their own self-interests and can have a profound effect on their performance, are known as which of the following? Directive leaders

- ▶ Which of the following term is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society? Social obligation
- ▶ Feedback of Customers is necessary to improve the quality of the product.
- ▶ Which of the following is the accountability for the achievement of objectives, the use of resources, and the adherence to organizational policy? Authority
- ▶ Which management theory focuses on managing the total organization? Scientific management
- ▶ A learning organization has developed its? Capacity to adapt and change
- ▶ A skill and capability held by numerous competing firms is called? Common strength
- ▶ The quantitative approach has contributed directly in the areas of? Planning and control
- ▶ Which of the following early advocates of organizational behaviour was the first to argue that organizations were open systems? Hugo Munsterberg
- ▶ The people at the bottom of the organization generally deal with repetitive and familiar problems such as workers who are late or machinery that breaks down. As a result, most of the decisions made by first line supervisors are? Ill-structured decisions
- ▶ The method by which strategies are operational zed or executed within the organization is called? Strategy implementation
- ▶ The belief that businesses should be responsible because such actions are right for their own sake is known as which argument for social responsibility? Ethical obligation
- ▶ Which of the following administrative thinkers has defined administration as "the organization and direction of human and material resources to achieve desired ends"? J. M. Pfiffner
- ▶ 'Good Governance' and 'Participating Civil Society for Development' were stressed in World Bank Report of 1992
- ▶ If the administrative authority within a department is vested in a single individual, then that system is known as Bureau
- ▶ The first country in the world to introduce the right to information was Sweden
- ▶ Who says that "Power corrupts and absolute power corrupts absolutely"? Lord Acton
- ▶ If a public servant imposes upon the citizen's duties and obligations which are not required by law, it can lead to abuse of power
- ▶ Of which of the following administrative systems is the absence of judicial review a feature? UK & France
- ▶ The 'spoils system' in the USA began during the period of Jackson
- ▶ By whom was the 'Managerial Grid' developed? Blake and Mouton
- ▶ Who has analysed the leadership in terms of 'circular response'? M. P. Follett
- ▶ The classical theory of administration is also known as the Mechanistic theory
- ▶ The Branch of Accounting which is concerned with the processing and presenting data for decision making is known as Management Accounting
- ▶ A credit note is issued by a business to the customers or buyers, accepting the return of good by customer because of some defects in goods or any other reason

- ▶ A debit note is sent by the customers to a business letting the business know why they have returned the goods. A credit note contains the description and reason for return of goods
- ▶ Invoice is also known as bill. An invoice is a commercial document issued by seller to buyer stating the name and description of products, quantity of goods, agreed price of goods.
- ▶ Why is meant by the term 2/15 - n/30? That implies 2% discount will be allowed if payment is made within 15 days or full amount is to be payable in 30 days
- ▶ What is a compound journal entry? A double entry wherein more than one account is debited or credited is a compound journal or double entry
- ▶ Folio column is the reference to a specific ledger account or any other book of accounts. In this column, the name/title of an account and page No. on which we have entered the other part of double entry are filled in to help find out the other part of the double entry.
- ▶ Folio column indicates that other part of double entry has been completed and it helps find out on what page No. it is located.
- ▶ The process of recording financial information or transactions in a journal is called journalizing
- ▶ Transactions are recorded in the journals on a daily basis and transactions are entered in the journals on the day of their occurrence which is why journal is also known as a day book
- ▶ Recording in accounting means entering each and every aspect of a transaction in the books of accounts like journals, cash book etc
- ▶ Single entry system records only one aspect of a transaction whereas double entry system records two or double aspects of a transaction or economic event
- ▶ Double entry system facilitates the preparation of financial statements such as income statement, balance sheet and cash flow statement etc
- ▶ Record maintained under double entry system is regarded as more accurate and perfect as well as there are low chances of misappropriations, embezzlements and frauds
- ▶ A double entry which entails only two accounts, one is being debited and other is being credited. For example purchased goods for \$100, purchases debit and cash credit.
- ▶ Single entry system doesn't facilitate the preparation of financial statements such as income statement, balance sheet and cash flow statement etc
- ▶ Record maintained under single entry system is regarded as less accurate and perfect as well as there are high chances of misappropriations, embezzlements and frauds
- ▶ After preparing books of original entries what is the next step in accounting? After preparing books of original entries, accountants generally prepare respective ledger accounts where they classify the entries made in journal and other books of original entries
- ▶ Journal is the book of original entries that records financial information in the first place and different items are recorded in the same journal
- ▶ Ledger is a book of secondary entries that is prepared for an individual item and not the different items are mixed up in a ledger account

- ▶ Casting means summing up or adding up a list of figures or balances. Over casting means we have mistakenly added more balance than it should be and under casting implies that we have added less balance than it should be
- ▶ Narration is a concise description or explanation of a transaction written under the double entry or journal entry to be helpful in knowing some extra detail of the transaction by looking at the journal
- ▶ Books of secondary entries are all those books of accounts that don't record transactions in the first place. As opposed to this, they record transactions which have already been recorded by the books of original entries (like cash book, journal etc)
- ▶ Main ledger accounts such as debtor control account, creditor control account, building account, depreciation account, rent account, sales account, purchases account etc.
- ▶ Subsidiary ledger accounts such as debtors accounts, creditors accounts, stock account, other ledger accounts
- ▶ Real accounts are those accounts that are not closed at the end an accounting period (e.g. a year) and their balances are transferred to next accounting period
- ▶ Nominal accounts are closed off at the end an accounting period (e.g. a year) and their balances are not transferred to next accounting period rather that their closing balances are presented in income statement
- ▶ Purchase return account is also known as return outward account. Purchase return account is an account maintained to record the amount of purchases returns during an accounting period.
- ▶ Ledger account helps summarize and classify different transactions related to the same items or persons which is helpful in preparing financial statements because while preparing financial statement we need the total increase or decrease in an item and person account during an accounting period
- ▶ Why do accountants prepare purchase return and sales return accounts? Because businesses want to know the amount of total sales and purchases made in an accounting period as separate information from how much of these purchases and sales were actually returned.
- ▶ Sales return account is also known as return inward account. Sales return account is an account maintained to record the amount of sales returns during an accounting period.
- ▶ Purchase account is maintained to record the amount of purchases for an accounting period. Whenever business purchases goods for the purpose of reselling them, it is debited to purchases account.
- ▶ At the end of the accounting period, Purchase account shows the total amount of purchases for that accounting period
- ▶ Sales account is maintained to record the amount of sales for an accounting period. Whenever business sells goods in which it primarily deals, it is credited to sales account.
- ▶ At the end of the accounting period, Sales account shows the total amount of sales for that accounting period
- ▶ There are two basic forms of ledger accounts? Standard form & self balancing form
- ▶ Ledger accounts are used to prepare trial balance which is utilized to assess the accuracy of accounting record

- ▶ Ledger accounts help classify the transactions related to a particular item which assists in checking the real decrease or increase in the balance of that item
- ▶ Ledger is referred to as king of all books of accounts.
- ▶ Ledger accounts maintain record of all entries and all transactions from the books of original entries are required to be posted in different ledger accounts.
- ▶ Trail balance is prepared from ledger accounts and then trial balance is used to prepare financial statements such as income statement, balance sheet etc
- ▶ Posting is the process of recording transactions in the ledger accounts
- ▶ The difference between total debit side of an account and total credit side of an account is the balance of an account or closing balance of an account
- ▶ Total debit balances - Total credit balances = closing balance of an account
- ▶ If credit and debit sides of an account appear to be equal, the balance or closing balance of an account would be zero
- ▶ A ledger account that is maintained for recording the transactions related to a debtor or account receivable is known as debtor ledger account or accounts receivable ledger account
- ▶ A ledger account that is maintained for recording the transactions related to a creditor or account payable is known as creditor ledger account or accounts payable ledger account
- ▶ Folio column is the reference to a specific ledger account or any other book of accounts. In this column, the name of account and page No. on which we have entered the other part of double entry are filled in to help find out the other part of entry.
- ▶ Grouping the transactions or economic events according to their nature is referred to as classification of financial information. Ledger accounts are the practical example of financial information classification
- ▶ Accounting is the process of recording, summarizing, analyzing and communicating the financial information or transactions of an entity
- ▶ Recording financial information or transactions in the books of accounts is called bookkeeping. Bookkeeping is the basic phase of accounting.
- ▶ Bookkeeping merely concerns with the recording of transactions in the books of accounts while accounting records, summarizes, analyzes and communicates the financial information/transactions/economic events
- ▶ A business organization can be a sole proprietorship, Partnership or Joint stock company
- ▶ There are two main accounting systems: Cash accounting system & Accrual accounting system
- ▶ An accounting system wherein transactions are recorded in the books of accounts when cash is paid and cash is received
- ▶ An accounting system wherein transactions are recorded in the books of accounts when these transactions take place and they are not recorded when cash is paid or cash is received
- ▶ Any legal activity carried out for the purpose of making money is referred to as business
- ▶ Any economic event or any activity of buying and selling goods or services is called transaction
- ▶ What is capital? The total amount of goods or cash that is invested in a business by the owner(s)

- ▶ What are merchandises? Goods that an entity or business purchases to resell them with the intention of making profit
- ▶ What are purchases? When merchandises/goods are purchased with an intention of selling them, they are recorded in a purchases account. Therefore, goods purchased for resale are referred to as purchases in accounting
- ▶ What is purchase return? When a business returns some purchased goods to the supplier because of defects in goods or any other reason, it is recorded as purchase return in accounting
- ▶ What are sales? The amount of merchandises/goods sold to a person or an organization in the normal course of business is known as sales
- ▶ The amount of sold goods returned by a person or an organization to the business because of defects in the goods or any other reason is known as sales return
- ▶ The concession, deduction or allowance given by the business to a buyer is referred to as discount
- ▶ What is a trade discount? The concession, deduction or allowance given at the list price of goods by the business to a buyer
- ▶ The concession, deduction or allowance given by the seller to a buyer on the quick repayment of debt(s) is known as cash discount
- ▶ What is the commission? The remuneration paid by the business to a person or an organization for selling business's goods or services
- ▶ What are assets? The resources controlled by a business that possess future economic benefits for the business entity
- ▶ What are liabilities? The debts or obligations of a business which have been arisen by a past event or a transaction
- ▶ What are expenses? The cost expired during an accounting period or the gross outflow of economic benefits such as purchase of goods, rent expenses, commission expenses etc.
- ▶ What are incomes or revenues? The grow inflow of economic benefits or the financial value recognized for selling goods and services. For example sale of goods, rent income, commission income, dividends received etc.
- ▶ What is a debtor or account receivable? The person or organization that owes money to the business is called debtor or account receivable
- ▶ What is a creditor or account payable? An individual or an organization to which money is owed by the business is known as creditor or account payable
- ▶ What is the stock or inventory? The goods or merchandises that are left unsold at the end of an accounting period are called stock or inventory
- ▶ What is an account? A device or record in which similar or related transactions/economic events are recorded. Accounts also referred to as ledger accounts and T accounts
- ▶ A voucher is defined as a written evidence of a business transaction
- ▶ What is an Invoice? A written evidence of credit sale issued by the seller to a customer at the time of sale
- ▶ What is a cash memo/voucher? A written evidence of cash sale issued by the seller to a customer at the time of sale
- ▶ What are drawings? Business's Goods or cash withdrawn from business by the business's owner for his/her personal use
- ▶ What is a double entry system of accounting? When dual (two, double) aspects of a transactions is recorded, it is called a double entry system

- ▶ What is a single entry system of accounting? When only one (single) aspect of a transaction is recorded in the books of account, it is referred to as a single entry system
- ▶ What is the difference between single and double entry systems? Single entry system records only one aspect of a transaction whereas double entry system records two or double aspect of a transaction or economic event
- ▶ Audit entity means an office, authority, body, company, corporation or any other entity subject to audit and account department of Pakistan
- ▶ Nominal Ledger is another name for the General Ledger.
- ▶ Audit memorandum means a memorandum or letter issued during the course of audit for eliciting information, confirmation of facts or any other matter considered necessary by the Audit Officer conducting the audit.
- ▶ Audit note means? A note issued by an Audit office containing the result of audit with respect to data, information or documents available in an Audit or Accounts office.
- ▶ Audit office means an office of the audit and account department of Pakistan responsible for audit
- ▶ Auditing Standard means the auditing standards issued by audit and account department of Pakistan unless the context otherwise requires
- ▶ Accounts office means an office of the audit and account department of Pakistan responsible for compilation of accounts from the initial & subsidiary accounts rendered by treasuries and offices responsible for keeping of such accounts and for entitlement work of Government and other categories of employees
- ▶ Inspection report means a report issued by an audit office containing the results of audit of an office.
- ▶ Major irregularity means a suspected material fraud or corruption coming to the notice in audit or an irregularity of serious nature involving public funds or irregularity relating to mismanagement, loss, wasteful expenditure or loss of revenue which exceeds the monetary limit
- ▶ Separate audit report means an audit report containing audit observation on the accounts of an authority, body or corporation whether or not required to be laid before the legislature.
- ▶ Cases of failure to provide data, information and documents shall be reported by the audit office to the controlling officer and, if considered necessary, the concerned Government for appropriate action and these authorities shall inform the audit office about the action taken within three months of such report(s).
- ▶ The inspecting officer and the officer incharge shall discuss the draft IR at the close of audit. A written record signed by both parties shall be kept
- ▶ The audit may also be conducted with reference to data, information and documents of any auditable entity that may be available in an audit office or an accounts office.
- ▶ Debit and credit are Latin words. Debit and Credit represent the two aspects of a transaction which means they are the part of double entry system.
- ▶ Account is a record which keeps the detail of transactions related to an item such as sales, purchases, account payable etc
- ▶ A system of accounting in which dual (two, double) aspects of a transactions is recorded

- ▶ When only one (single) aspect of a transaction is recorded in the books of account, it is referred to as single entry system
- ▶ Single entry system records only one aspect of a transaction whereas double entry system records two or double aspects of a transaction or economic event
- ▶ Double entry system facilitates the preparation of financial statements such as income statement, balance sheet and cash flow statement etc
- ▶ Record maintained under double entry system is regarded as more accurate and perfect as well as there are low chances of misappropriations, embezzlements and frauds
- ▶ Single entry system doesn't facilitate the preparation of financial statements such as income statement, balance sheet and cash flow statement etc
- ▶ Record maintained under single entry system is regarded as less accurate and perfect as well as there are high chances of misappropriations, embezzlements and frauds
- ▶ There are two main categories of accounts: Nominal or income statement accounts & Real or balance sheet accounts
- ▶ The accounts that are closed off at the end of an accounting period and their balances are shown in the income statement. For example purchases account, sales accounts, commission account, salaries account etc
- ▶ The accounts that are not closed off at the end of an accounting period rather than their balances are transferred to the next accounting period and their balances are displayed in the balance sheet. For example fixed assets accounts, building account, cash account, capital account, debtor account etc
- ▶ How to debit an account? An increase in assets and expenses accounts is debited while a decrease in incomes, capital and liabilities accounts is credited
- ▶ How to credit an account? A decrease in assets and expenses accounts is credited while an increase in incomes, capital and liabilities accounts is credited
- ▶ How to debit and credit a revenue or income account? When there is an increase in income account, it is credited and when there is a decrease in income account, it is debited
- ▶ How to debit and credit an expense? When there is an increase in expense account, it is debited and when there is a decrease in expense account, it is credited
- ▶ How to debit and credit a liability? When there is an increase in liability account, it is credited and when there is a decrease in liability account, it is debited
- ▶ How to debit and credit the capital? When there is an increase in capital account, it is credited and when there is a decrease in capital account, it is debited
- ▶ How to debit and credit assets? When there is an increase in asset account, it is debited and when there is a decrease in asset account, it is credited
- ▶ What does a/c mean? a/c is short for the word account. It is an accounting custom to use a/c rather than writing "account". It has been developed over time since accountants have realized that it is much easier to write a/c instead of writing account
- ▶ How to debit and credit stock or inventory? Since stock or inventory is an asset, debiting and crediting rules for stock/inventory are same as other assets. An increase in stock is accounted as a debit and a decrease is considered as a credit

- ▶ What are personal accounts? An account which is related to a person or an organization is considered as personal account such as account receivable and account payable
- ▶ There are three main types of personal accounts: Natural personal account such as Mr. X account Mr. Y account, Artificial personal account such as XYZ company account, ABC firm account & Representative personal account for example Mr. X's salary account
- ▶ Books of original entries are books in which we first record the transactions. We record entries in them according to nature of transactions and entries are made to them on daily basis
- ▶ There are three different books of original entries
- ▶ General journal or Day book - For recording general double entries
- ▶ Sales Journal or Sales day book - For recording credit sales
- ▶ Purchase journal or purchase day book - For recording purchases on credit
- ▶ An account is also referred to as ledger account and "T" account. An account is a record of financial transactions of a specific item (item such as purchases, sales, commission etc) and contains the detail of transactions.
- ▶ Real accounts are also known as balance sheet accounts and permanent accounts. Real accounts are those accounts that are not closed at the end an accounting period (e.g. a year) and their balances are transferred to next accounting period.
- ▶ Nominal accounts are also known as income statement accounts and temporary accounts.
- ▶ Nominal accounts are closed off at the end an accounting period (e.g. a year) and their balances are not transferred to next accounting period rather that their closing balances are presented in the income statement
- ▶ The businesses that buys raw material convert it to finished products and then sell these products in the market
- ▶ A business that buys finished products or goods and sell them in the market without making any modification in them
- ▶ A business that renders or sells services rather than selling goods to the customers
- ▶ A period of time for which accounts and reports/statements (such as income statement, balance sheet etc.) are prepared
- ▶ Funds that are kept aside for meeting some expected and unexpected losses or contingencies of a business. The fund kept apart will not be drawn by the business's owner for his/her personal use
- ▶ Two major steps of an accounting period? (1) Adjusting the entries if there is a mistake or omission in recording transactions in any book of accounts (2) Preparing financial statements (Income statement, Balance sheet, Cash flow statement etc)
- ▶ What are the two major objectives of bookkeeping? Bookkeeping the basic record of business transactions and providing this record to the business management
- ▶ What are the two major application of financial accounting? Keeping the record of financial information and communication the financial information in the form of financial statements such income statement, balance sheet
- ▶ What are the different branches of accounting? Financial accounting, Cost accounting, Management or managerial accounting, Government accounting & Auditing

- ▶ What is an alternative term for expenses? Revenue expenditure is a term used as an alternative term for expenses
- ▶ What is the separate entity concept? An accounting principle which states that the business should be considered as a separate entity from its owner(s)
- ▶ What is cost accounting? A branch of accounting that concerns with the calculation and presentation of unit cost, cost of production, cost of sales or cost of services rendered for the management of an entity
- ▶ What is management accounting? Provision and presentation of financial information in such a way that it can help management of an entity in decision making is known as management or managerial accounting
- ▶ What is meant by the provision in accounting? Setting aside a specific amount from income pertaining to the current accounting period to meet an uncertain liability or expenses in the future
- ▶ What is an accounting equation?  $\text{Assets} = \text{liabilities} + \text{capital}$  is the accounting equation. It is considered as the foundation of double entry system
- ▶ The overall summary budget encompassing all the individual budgets is called Master budget.
- ▶ Profit shown as a percentage or fraction of cost price is called Mark-up.
- ▶ What are assets? The resources controlled by an entity that possess future economic benefits for the entity
- ▶ What are liabilities? The debts or obligations of a business that have been arisen by a past event or transaction
- ▶ What is capital? The total amount of goods or cash that is invested in a business by the owner(s)
- ▶ An 18th-century British philosopher and economist famous for his ideas about population growth. Malthus' population theories were outlined in his book, "An Essay on the Principle of Population", first published in 1798.
- ▶ Tight Monetary Policy? A course of action undertaken by the Federal Reserve to constrict spending in an economy that is seen to be growing too quickly, or to curb inflation when it is rising too fast
- ▶ Utilitarianism is a philosophy that bases the moral worth of an action upon the number of people it gives happiness or pleasure to.
- ▶ What is an elaborate form of accounting equation? Balance sheet is an elaborate form of the accounting equation. Balance sheet shows the detail of all three elements of an accounting equation - i.e. assets, liabilities and capital
- ▶ What are the elements of an accounting equation? There are three elements of an accounting equation assets, liabilities and equity/capital
- ▶  $\text{Asset} = \text{Capital} + \text{Liabilities}$ , if liabilities remain the same and there is a decrease in assets, the capital of a business would definitely decreases
- ▶ A business can increase its capital by injecting fresh capital in the form of cash, inventory, fixed assets etc & making profit
- ▶ Capital can be negative if a business constantly making losses over time
- ▶ Retained earnings are the accumulated amount of net incomes that are kept aside for the future growth and expansion of the company

- ▶ How do expenses affect the accounting equations? Expense decrease assets, expenses increase liabilities, expenses decrease the equity or capital of a business
- ▶ How do revenues or incomes affect the accounting equation? Revenues increases assets, revenues decreases liabilities and revenues increases the equity or capital of a business
- ▶ Absolute Advantage? The ability of a country, individual, company or region to produce a good or service at a lower cost per unit than the cost at which any other entity produces that good or service.
- ▶ According to the acceleration principle, if demand for consumer goods increases, then the percentage change in the demand for machines and other investment necessary to make these goods will increase even more (and vice versa). In other words, if income increases, there will be a corresponding but magnified change in investment.
- ▶ When a central bank (such as the Federal Reserve) attempts to expand the overall money supply to boost the economy when growth is slowing (as measured by GDP) is called Accommodative Monetary Policy.
- ▶ A tax based on the assessed value of real estate or personal property is called Ad Valorem Tax.
- ▶ Ad valorem taxes can be property tax or even duty on Imported Items. Property ad valorem taxes are the major source of revenue for state and municipal governments.
- ▶ The net amount at which an asset or asset group appears on the books of account, as distinguished from its market or intrinsic value is called Book Value.
- ▶ The process of recording data relating to accounting transactions in the accounting books is called Bookkeeping.
- ▶ Books of original entry are those Books where the first entry recording a transaction is made. (These are sometimes referred to as 'Books of Prime Entry'.)
- ▶ A variant of a Purchases Ledger where the individual accounts of the creditors, whether they be for goods or for expenses such as stationery or motor expenses, can be kept together in a single ledger is called Bought Ledgers.
- ▶ A plan quantified in monetary terms in advance of a defined time period – usually showing planned income and expenditure and the capital employed to achieve a given objective is called Budget.
- ▶ Business entity? Assumption that only transactions that affect the firm, and not the owner's private transactions, will be recorded.
- ▶ When a business spends money to buy or add value to a fixed asset is called Capital expenditure.
- ▶ A 'non-distributable' reserve created when shares are redeemed or purchased other than from the proceeds of a fresh issue of shares is called Capital redemption reserve.
- ▶ Capital Asset? As defined by the state's capitalization policy...a physical resource that costs at least \$5,000 and provides future economic benefit for a minimum of two years.
- ▶ Drawings? Funds or goods taken out of a business by the owners for their private use.
- ▶ Dual aspect concept? The concept of dealing with both aspects of a transaction.
- ▶ Dumb terminal? A computer screen with keyboard (and, perhaps, a mouse) that has no processing power of its own but uses the processing power of a central computer to carry out tasks involving the data held on that central computer.

- ▶ A period of time in which the quantity of some inputs cannot be increased beyond the fixed amount that is available is called Short Run.
- ▶ A state in the economy in which the growth is slow, flat or declining is called Sluggish Economy. The term can refer to the economy as a whole or a component of the economy, such as weak housing starts.
- ▶ Underemployment Equilibrium? A condition where underemployment in an economy is persistently above the norm and has entered an equilibrium state
- ▶ The method of allocating all factory indirect expenses to products is called Absorption costing. (All fixed costs are allocated to cost units.)
- ▶ Part of double entry records, containing details of transactions for a specific item is called Account.
- ▶ The computerized equivalent of the folio references used in a manual accounting system, whereby each ledger account is given a unique number is called Account codes.
- ▶ The process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information is called Accounting.
- ▶ Work in progress means items not completed at the end of a period.
- ▶ Workstation? A dumb terminal or a PC that is used to access data held in a database on a central computer.
- ▶ The value of work in progress on a contract as certified by, for example, an architect or an engineer is called Work certified.
- ▶ The VAT rate (of zero) that applies to supply of certain goods and services.
- ▶ Assets - Liabilities = Shareholder's Equity
- ▶ A business that only supplies zero-rated goods and services is called Zero-rated business. It does not charge VAT to its customers but it receives a refund of VAT on goods and services it purchases
- ▶ In accounting, the words journal and daybook are used interchangeably. Therefore, no need to be confused if you see the word daybook rather than journal or journal instead of daybook
- ▶ A closed economy is self-sufficient, meaning that no imports are brought in and no exports are sent out. The goal is to provide consumers with everything that they need from within the economy's borders.
- ▶ The command economy is a key feature of any communist society. China, Cuba, North Korea and the former Soviet Union are examples of countries that have command economies.
- ▶ A country's commercial policy includes the use of tariffs and other trade barriers, such as restrictions on what goods can be imported or exported, and which countries are allowed to import or export goods to the home country.
- ▶ Demand For Labor? A concept that describes the amount of demand for labor that an economy or firm is willing to employ at a given point in time.
- ▶ Demand Shock? A sudden surprise event that temporarily increases or decreases demand for goods or services.
- ▶ A positive demand shock increases demand, while a negative demand shock decreases demand. Both positive and negative demand shock have an effect on the prices of goods and services.
- ▶ Demand Theory? A theory relating to the relationship between consumer demand for goods and services and their prices.

- ▶ Demand theory forms the basis for the demand curve, which relates consumer desire to the amount of goods available. As more of a good or service is available, demand drops and therefore so does the equilibrium price.
- ▶ Inflation? The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling.
- ▶ A landmark system for monetary and exchange rate management established in 1944.
- ▶ The Bretton Woods Agreement was developed at the United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, from July 1 to July 22, 1944. Even as World War II raged on, 730 delegates from the 44 Allied nations attended the conference.
- ▶ The recurring and fluctuating levels of economic activity that an economy experiences over a long period of time is called Business Cycle.
- ▶ The five stages of the business cycle are growth (expansion), peak, recession (contraction), trough and recovery. At one time, business cycles were thought to be extremely regular, with predictable durations, but today they are widely believed to be irregular, varying in frequency, magnitude and duration.
- ▶ The net result of public and private international investments flowing in and out of a country is called Capital Account.
- ▶ The net results includes foreign direct investment, plus changes in holdings of stocks, bonds, loans, bank accounts, and currencies.
- ▶ The movement of assets out of a country is called Capital Outflow.
- ▶ Capital outflow is considered undesirable and results from political or economic instability. It occurs when foreign and domestic investors sell off their assets in a particular country because they no longer perceive it as a safe investment.
- ▶ Capital saturation is usually associated with low interest rates, which further encourage spending and discourage savings. As a result, capital saturation would lead to an economic upswing as companies spend more money and create jobs.
- ▶ An economic system based on a free market, open competition, profit motive and private ownership of the means of production is called Capitalism.
- ▶ Capitalism encourages private investment and business, compared to a government-controlled economy. Investors in these private companies (i.e. shareholders) also own the firms and are known as capitalists.
- ▶ A lending structure used in the Federal Reserve's Term Auction Facility (TAF), whereby borrowers receive a cash loan, by using all or a portion of their own portfolio of bonds as collateral is called Cash for Bond Lending.
- ▶ What Does Labor Theory Of Value Mean? An economic theory that stipulates that the value of a good or service is dependent upon the labor used in its production.
- ▶ Labor Theory Of Value was first proposed by Adam Smith (1723-1790), the founder of modern economics, and was an important concept in the philosophical ideals of Karl Marx.
- ▶ The labor theory of value suggests that goods which take the same amount of time to produce should cost the same.
- ▶ What Does Laffer Curve Mean? Invented by Arthur Laffer, this curve shows the relationship between tax rates and tax revenue collected by governments.

- ▶ Laissez Faire? An economic theory from the 18th century that is strongly opposed to any government intervention in business affairs.
- ▶ Sometimes Laissez Faire referred to as "let it be economics"
- ▶ A microeconomic law that states that, all other factors being equal, as the price of a good or service increases, consumer demand for the good or service will decrease and vice versa.
- ▶ A law of economics stating that as a person increases consumption of a product - while keeping consumption of other products constant - there is a decline in the marginal utility that person derives from consuming each additional unit of that product.
- ▶ A law of economics stating that, as the number of new employees increases, the marginal product of an additional employee will at some point be less than the marginal product of the previous employee is called Law of Diminishing Marginal Returns.
- ▶ Law of Supply? A microeconomic law stating that, all other factors being equal, as the price of a good or service increases, the quantity of goods or services offered by suppliers increases and vice versa.
- ▶ A theory explaining the interaction between the supply of a resource and the demand for that resource is called Law Of Supply And Demand.
- ▶ The law of supply and demand defines the effect that the availability of a particular product and the desire (or demand) for that product has on price. Generally, if there is a low supply and a high demand, the price will be high. In contrast, the greater the supply and the lower the demand, the lower the price will be.
- ▶ A situation in which prevailing interest rates are low and savings rates are high, making monetary policy ineffective is called Liquidity Trap.
- ▶ In a liquidity trap, consumers choose to avoid bonds and keep their funds in savings because of the prevailing belief that interest rates will soon rise. Because bonds have an inverse relationship to interest rates, many consumers do not want to hold an asset with a price that is expected to decline.
- ▶ What Does Liquidity Gap Mean? The difference between a firm's assets and a firm's liabilities, caused by said assets and liabilities not sharing the same properties. This gap can be positive or negative, depending on if the firm has more assets than liabilities or vice versa.
- ▶ What Does Liquidity Preference Theory Mean? The hypothesis that forward rates offer a premium over expected future spot rates.
- ▶ Long-Run Average Total Cost? A business metric that represents the average cost per unit of output over the long run, where all inputs are considered to be variable.
- ▶ The field of economics that studies the behavior of the aggregate economy is called Macroeconomics.
- ▶ Macroeconomics examines economy-wide phenomena such as changes in unemployment, national income, rate of growth, gross domestic product, inflation and price levels.
- ▶ The change in total cost that comes from making or producing one additional item is called Marginal Cost Of Production.
- ▶ The purpose of analyzing marginal cost is to determine at what point an organization can achieve economies of scale. The calculation is most often used among manufacturers as a means of isolating an optimum production level.
- ▶ A component of Keynesian theory, MPC represents the proportion of an aggregate raise in pay that is spent on the consumption of goods and services, as opposed to being saved.

- ▶ The rate at which an individual must give up "good A" in order to obtain one more unit of "good B", while keeping their overall utility (satisfaction) constant is called Marginal Rate of Substitution.
- ▶ The marginal rate of substitution is calculated between two goods placed on an indifference curve, which displays a frontier of equal utility for each combination of "good A" and "good B".
- ▶ The increase in revenue that results from the sale of one additional unit of output is called Marginal Revenue.
- ▶ Marginal revenue is calculated by dividing the change in total revenue by the change in output quantity. While marginal revenue can remain constant over a certain level of output, it follows the law of diminishing returns and will eventually slow down, as the output level increases.
- ▶ The study of marginal theories and relationships within economics is called Marginalism.
- ▶ The key focus of marginalism is how much extra use is gained from incremental increases in the quantity of goods created, sold, etc. and how those measures relate to consumer choice and demand.
- ▶ An economic scenario that occurs when there is an intervention in a given market by a governing body is called Market Distortion.
- ▶ The intervention may take the form of price ceilings, price floors or tax subsidies. Market distortions create market failures, which is not an economically ideal situation.
- ▶ A form of capital account for a non-profit-oriented organization is called Accumulated fund.
- ▶ A ratio comparing current assets less stock with current liabilities is called Acid test ratio.
- ▶ A difference arising that is apparently 'bad' from the perspective of the organization is called Adverse variance.
- ▶ When the total actual materials cost exceeds the total standard cost due to more materials having been used than anticipated.
- ▶ Agency funds are used to account for the assets held by the state as an agent for individuals, private organizations, and other governments.
- ▶ An income-generating investment whereby, in return for the payment of a single lump sum, the annuitant receives regular amounts of income over a predefined period is called Annuity.
- ▶ An authorization granted by the constitution or the legislature to make expenditures or to incur obligations for a specific purpose is called Appropriation.
- ▶ An appropriation is usually limited in amount and as to the time when it may be spent normally calendar or fiscal year.
- ▶ The document that arranges the internal relationships, for example, between members of the company, and the duties of directors are called Articles of Association.
- ▶ Resources owned by a business are called Assets.
- ▶ Economic resources controlled by an entity as a result of past transactions or events from which future economic benefits may be obtained.
- ▶ A company which is not a subsidiary of the investing group or company but in which the investing group or company has a long-term interest and over which it exercises significant influence.
- ▶ A standard that can be achieved in normal conditions is called Attainable standard. It takes into account normal losses, and normal levels of downtime and waste.

- ▶ A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities is called Audit.
- ▶ Automated Clearing House (ACH) is a nationwide banking network that provides for electronic distribution and settlement of funds.
- ▶ Bad debt is a debt that a business will not be able to collect.
- ▶ Balance brought down? The difference between both sides of an account that is entered below the totals on the opposite side to the one on which the balance carried down was entered.
- ▶ A budget in which receipts are equal to or greater than outlays in a fiscal period is called Balanced Budget
- ▶ The difference between both sides of an account that is entered above the totals and makes the total of both sides equal each other is called Balance carried down.
- ▶ Balance off the account? Insert the difference (called a 'balance') between the two sides of an account and then total and rule off the account. This is normally done at the end of a period (usually a month, a quarter, or a year).
- ▶ A statement showing the assets, liabilities, and capital of a business is called Balance sheet.
- ▶ Bank Cash Book? A cash book that only contains entries relating to payments into and out of the bank.
- ▶ An amount paid by someone directly into someone else's bank account is called Bank Giro credit.
- ▶ A calculation comparing the Cash Book balance with the bank statement balance is called Bank reconciliation statement.
- ▶ Shares issued to existing shareholders free of charge are called Bonus shares.
- ▶ The requirement for Books of original entries is significant because businesses need more information of a transaction than an account can provide. For example if a business sells goods on credits to Mr. Z, business would like to record all his contact details and personal details.
- ▶ A debt instrument issued through a formal legal procedure and secured either by the pledge or specific properties, or revenues or by the general credit of the state is called Bond.
- ▶ Which of the following would be added to the balance per bank when performing a bank reconciliation? Deposits in Transit
- ▶ Which of the following would require a journal entry when performing a bank reconciliation? Bank Service Charges
- ▶ A debit to which of the listed accounts increases the account's balance? Assets, Expense & Owner's Draw
- ▶ Documents such as invoices, receipts, and checks are referred to as source documents
- ▶ Which of the following accounts normally have a credit balance? Sales, Accounts Payable & Owner's Equity
- ▶ In addition to Cash, the Current Asset Classification includes? Accounts Receivable, Inventory & Temporary Investments .
- ▶ Gross Sales are total cash and credit sales made during a period
- ▶ Gross Profit is calculated by deducting Cost Of Goods Sold from Net Sales?
- ▶ A Balance Sheet does not include expenses

- ▶ Sale is a temporary account
- ▶ A type of business that is made up of many owners called shareholders is a? Corporation
- ▶ Assets are properties used in the operation or investment activities of a business.
- ▶ Liabilities are creditor's claims to the property (assets) of a business.
- ▶ Owner's Equity is the owner's rights or claims to the property (assets) of a business.
- ▶ The gross increase in owner's equity resulting from the operations and other activities of a business is called Revenue ; Sales, or Income
- ▶ Revenue is also called or referred to as income
- ▶ A book containing the account balances for a business's assets, liabilities, equity, revenue, expense, and draw accounts is called? the General Ledger
- ▶ Decreases in owner's equity resulting from the cost of goods, fixed assets, and services, and supplies consumed in the operations of a business are called Expenses
- ▶ Bank Reconciliations are normally performed? Monthly
- ▶ An example of an account that would normally have a subsidiary ledger associated with it is? Accounts Receivable
- ▶ The assets of a business are subject to two claims - those of the creditors and those of the owners
- ▶ Another term used to refer to the assets of a business is property
- ▶ Accounts that normally have a debit balance are? Assets, Expenses & Draws
- ▶ In certain cases, an account that normally has a debit balance may end up having a credit balance or an account normally having a credit balance may end up having a debit balance
- ▶ All accounts that normally have a credit balance are increased with a credit and decreased with a debit
- ▶ Which account is not an account that normally has a credit balance? Owner's Capital
- ▶ All accounts have a normal balance which is either a debit or a credit balance
- ▶ An Income Statement is a formal financial statement that summarizes revenues and expenses for a period.
- ▶ Which is not normally included in the Chart of Accounts? Account's Balance
- ▶ A Chart Of Accounts is normally grouped by Balance Sheet Accounts and Income Statement Accounts
- ▶ The Chart of accounts is an organized coded listing of all the individual accounts used to record business transactions.
- ▶ Retained Earnings is a part of Stockholder's Equity.
- ▶ An Account is a separate record maintained in the General Ledger for each type of asset, liability, equity, revenue, expense, and draw that is used to record the summarized increases and decreases using debits and credits.
- ▶ Checks received from customers, but not yet deposited in the bank should be considered a part of a business's Cash Balance
- ▶ A Balance Sheet is also known as a Statement of Financial Position
- ▶ An entry to record Depreciation Expense is recorded in what Journal? General Journal
- ▶ A Control Account in the General Ledger is supported by details contained in a Subsidiary Ledger.
- ▶ Posting is the process of transferring balances from Journals to the General Ledger.

- ▶ Prepaid Expenses should be classified in a Balance Sheet as? Current Assets
- ▶ Current Assets minus Current Liabilities is Working Capital
- ▶ A special account used to offset the balance of another account is called a Contra account.
- ▶ Which Financial Statement does not cover a Period of Time? Balance Sheet
- ▶ If Assets are \$50,000 and Liabilities are \$30,000 what is Owner's Equity? Enter your answer as a whole dollar amount without the dollar sign? 20,000
- ▶ Given the following information, Assets- \$100,000; Liabilities- \$50,000; Beginning Owner's Equity- \$25,000 and Owner Withdrawals- \$10,000 the profit or loss for the period is 35,000 Enter your answer as a whole dollar amount without the dollar sign.
- ▶ Given the following balances, Ending Owner's Equity- \$50,000 and Total Liabilities- \$50,000 the amount of Total Assets is 100,000 Enter your answer as a whole dollar amount without the dollar signs.
- ▶ In a manufacturing company, inventory that is completed and ready for sale is called? Finished Goods
- ▶ Company A sells Company B \$1,000 of merchandise with credit terms of 2/10/n30. If Company B takes advantage of the discount they will remit a check in the amount of 980 Enter your answer as a whole dollar amount without the dollar sign.
- ▶ Which most likely resulted from a recording error? A Credit Balance in an Expense Account
- ▶ The Normal Balance of any Account is? Side which increases the account
- ▶ In a Classified Balance Sheet, Current Assets are normally listed? In the order that they are expected to be converted into cash (collected)
- ▶ After transactions have been recorded in the proper Journals, they are transferred (posted) to? General Ledger
- ▶ A credit is not the normal balance for which account listed below? Dividend Account
- ▶ Detailed records of products held for resale are not maintained using a? Periodic Inventory System
- ▶ A T-Account is? A way of illustrating the basic form of an account
- ▶ If Beginning Inventory is understated, the effect of this error in the current period is? Net Earnings Overstated
- ▶ What is it called when you divide one number by another? Ratio
- ▶ When information is needed about customer balances owed and if any payments are late? an Accounts Receivable Ageing Report is prepared
- ▶ An account that normally requires an Adjusting Entry is Prepaid Insurance.
- ▶ Prior to closing the Income Summary Account, the account has a credit balance if revenues exceed expenses for the period.
- ▶ The Fully Expanded Accounting Equation is?  $\text{Assets} = \text{Liabilities} + \text{Beginning Owner's Equity} + \text{Additional Owner's Investments} + \text{Revenues} - \text{Expenses} - \text{Draws}$
- ▶ A Cash Flow Forecast is simply an estimate of the cash coming in and going out during a period of time
- ▶ Which is considered to be good Cash Management practices? (a) Maintaining an accurate check book, (b) Making daily Cash Deposits, (c) Preparing monthly Bank Reconciliations & (d) Preparing Cash Forecasts

- ▶ A Deposit Slip is a document used to summarize cash and checks received that are deposited in the bank.
- ▶ Direct Deposits are? Sent directly to the bank
- ▶ A Cut-Off date is the date that the bank uses to prepare your Bank Statement as of a specified date
- ▶ Audit of banks is an example of? Statutory audit, Balance sheet audit & Concurrent audit
- ▶ Earnings from self employment from "flow thru" types of business organizations are subject to special rules regarding Social Security and Medicare Taxes
- ▶ Form 940 is filed each quarter to report and summarize the deductions made from employee wages
- ▶ An Automobile Dealer would normally be using what type of Costing Method for assigning costs to units sold and on hand? Specific Identification
- ▶ Which increases Owner's Capital? Revenue & Owner Investments
- ▶ Unearned Revenues resulting from payments for future services is what type of account? Liability
- ▶ Losses resulting from customers not paying the amounts they owe are? Bad Debts
- ▶ Entries made at the end of a period to accrue revenues and expenses are called? adjusting entries
- ▶ Land, Buildings, and Equipment are often referred to as Fixed Assets.
- ▶ The amount of Depreciation calculated for Tax purposes can be different than the amount calculated for Financial Reporting purposes.
- ▶ Checks written that have not cleared the bank are called Outstanding checks
- ▶ The entries used to record Depreciation Expense are recorded in what Journal? General Journal
- ▶ Cash and other assets that can be converted into cash within a year are Current assets.
- ▶ Sales minus sales discounts, sales returns, and sales allowances is called Net sales.
- ▶ Current Assets minus Current Liabilities is Working Capital.
- ▶ Which of the following accounts is a temporary account? Sales & Bad Debt Expense
- ▶ Which accounts are Contra Accounts? Allowance for Uncollectible Accounts & Notes Payable
- ▶ Liabilities and Owner's Equity are claims to the business's Assets.
- ▶ Sales Commissions are classified as? Selling Expenses
- ▶ A negative cash balance will have a Credit Balance in the General Ledger
- ▶ A negative Cash Balance is classified as a Liability
- ▶ A transaction is first recorded in a record called a Journal
- ▶ The sum of the asset, expense, and draw accounts equals the sum of the liability, revenue, and capital accounts.
- ▶ Advance Payments for Services not yet performed is? a Liability
- ▶ You have been asked to calculate the value of your company's inventory using LIFO. What information do you need? The costs and quantities of the oldest items in inventory
- ▶ What is the correct sequence of the accounting cycle? Source documents, journal, ledger, trial balance, financial statements

- ▶ Which of the following are classified as fixed costs? Depreciation
- ▶ A source document used to record merchandise returned by a customer is called a credit memorandum (memo)
- ▶ Assigning costs to Inventory using the FIFO Method uses the most recent (newest) costs for calculating the value of the ending inventory
- ▶ Using the Direct Write Off method for bad debts involves recording bad debt expense at the time an account is determined to be uncollectible?
- ▶ If a seller applies a credit memorandum (memo) to a customer's account? Decreases the amount the customer owes
- ▶ If a company applies a debit memorandum (memo) to a supplier's account? The amount owed the supplier is decreased
- ▶ The Sales Journal records all sales of goods and services on credit; but not sales for cash
- ▶ Accrued Salaries and Wages are? Salaries and Wages earned but not paid
- ▶ The Cost of Goods Available For Sales is allocated between? Cost of Goods Sold and Ending Inventory
- ▶ The Cost of Goods Available for Sales consists of the? cost of beginning inventory and the cost of goods purchased
- ▶ International Accounting normally does not allow which method of assigning costs to inventory? LIFO
- ▶ An account balance is? The beginning balance of an account plus increases less decreases
- ▶ Which of the following account (s) appear in a Balance Sheet? Cash, Common Stock, Fees Earned & Notes Payable
- ▶ External users of accounting information include? Shareholders, Customers & Creditors
- ▶ Return On Assets is calculated by dividing Net Income by Average Total Assets
- ▶ The Time Period Principle assumes that a business's financial activities can be divided into which of the following time periods? Months, Quarters & Years
- ▶ Adjusting entries affect? Both Income Statement and Balance Sheet Accounts
- ▶ If a company failed to record the Depreciation Expense for a period? Expenses are understated
- ▶ Land assets is not Depreciated
- ▶ A company's Inventory Balance does not include goods on consignment
- ▶ Goods In Transit are included in the buyer's Inventory when? the buyer is responsible for the freight
- ▶ Quick Assets include cash, current accounts receivable, and short-term investments
- ▶ A closing entry would close any balance in? Sales
- ▶ The Financial Statement that summarizes information about the cash inflows and outflows during a period is? Statement of Cash Flows
- ▶ The Gross Profit Method and the Retail Inventory Method are both methods for estimating inventory amounts
- ▶ Inventory Turnover is an activity ratio calculated by dividing Cost Of Goods Sold by the Average Inventory for a period
- ▶ The personal assets of the owner will not appear on the company's Balance Sheet because of which principle? Economic Entity
- ▶ External users of financial statements include? Creditors, Customers & Labour Unions

- ▶ Which account is not included in the Income Statement? Accumulated Depreciation
- ▶ On which Financial Statement would the description "For The Period Ending" not appear? Balance Sheet
- ▶ What does the income statement report? profitability
- ▶ The accounts known as Real Accounts are? Permanent Accounts
- ▶ The accounts known as Nominal Accounts are? temporary accounts
- ▶ Real Accounts are also referred to as Permanent Accounts
- ▶ What Accounting Rule requires depreciation expenses to be recorded? Matching Rule
- ▶ The account Unearned Revenue is reported in? Balance Sheet as a Liability
- ▶ Failure to record Accrued Wages will not affect the balance of Total Assets
- ▶ A service company that does not sell any products Income Statement does not contain which of the following? Cost of Goods Sold
- ▶ If Ending Inventory is understated, then Net Income is understated
- ▶ If Ending Inventory is overstated, then Net Income is overstated
- ▶ If Beginning Inventory is overstated, then Net Income is understated.
- ▶ If Beginning Inventory is understated, then Net Income is overstated
- ▶ The Cost of Inventory is deducted in the Income Statement when? Sold
- ▶ If Current Liabilities are understated in the Balance Sheet, what other category in the Financial Statements is misstated? Expenses
- ▶ Which of the following liabilities is an example of a liability that is most likely estimated? Vacation Wages Payable
- ▶ Expenditures for property, plant, and equipment are charged to long-term asset accounts because of which Accounting Rule? Matching Rule
- ▶ A document issued conveying ownership in a corporation is called a stock certificate?
- ▶ Withdrawal of money from a sole proprietorship by the owner is not an expense but a reduction of capital
- ▶ Purchase of Goods for Cash is not a source of Cash
- ▶ The most liquid asset and subject to theft and fraud is Cash
- ▶ All disbursements except petty cash payments should be made by Check
- ▶ Which Form will have information about an employee's number of exemptions? W-4
- ▶ Which of the following is an Asset? Machinery Owned
- ▶ Which of the following is a Liability? Overdrawn Bank Account
- ▶  $\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$
- ▶ Which of the following statements is correct? Record an increase to an Asset with a debit
- ▶ If an item sells for \$10 and costs \$5, the Gross Profit % is 50 %
- ▶ If an item costs \$10 and you want a 50 % Gross Profit on the item, the item should sell for 20. Enter your answer as a whole dollar amount without a dollar sign.
- ▶ Goodwill is classified as? An Intangible Asset
- ▶ The balance in the Retained Earnings Account represents the total profits and/or losses and any distributions to owners since the business began operations.
- ▶ Which listed increase Owner's Equity? Owner Invests money in his business

- ▶ When a business provides goods or services before receiving the cash payment, what type of asset is created? Accounts Receivable
- ▶ The money used to start a business is known as? Capital
- ▶ When goods or services are paid for at the time of sale, it's called a Cash transaction.
- ▶ If the Beginning Inventory and the Ending Inventory are the same, Cost of Goods Sold is equal to the Purchases for the period
- ▶ The amount of Working Capital and Net Current Assets is the same
- ▶ Interest earned on a Certificate of Deposit is normally recorded in what Journal? General Journal
- ▶ Salaries & Wages would not be paid from a Petty Cash Fund
- ▶ If the amount of Cash plus the Amount of Petty Cash Vouchers are less than the Petty Cash Funds normal balance, a Shortage has occurred
- ▶ A Credit Balance in a customer's account can result from which of the following? Return of a product sold
- ▶ Raw Materials and Manufacturing Wages are examples of Direct Costs
- ▶ Depreciation is not a Prime Cost
- ▶ Valuing Inventory at lower of cost or market is an application of what Accounting Rule? Conservatism
- ▶ Income and Expense Accounts are always associated with a Period Of Time
- ▶ The most common reason for the opportunity to commit fraud is that too much authority or responsibility is given to one employee
- ▶ Debt Ratios are also called Leverage Ratios
- ▶ What form is used to verify that a job applicant can be legally hired? I-9
- ▶ An Exempt Employee is an employee who is exempt from the Fair Labor Standards Act.
- ▶ Work Sheets are used as an aid in preparing Financial Statements.
- ▶ Accounting is sometimes referred to as the Language of Business.
- ▶ Which of the following affect the Net Income of a business using the accrual basis? (a) Cash Sale to a customer (b) Charge Sale to a customer & (c) Sales Return from a customer
- ▶ Which of the following Financial Statements discloses the total amount of Fixed Assets? Balance Sheet
- ▶ The term "Bottom Line" refers to which Financial Statement? Income Statement
- ▶ Which of the following statements contains the term Gross Profit? Income Statement
- ▶ Net Worth, Owner's Equity, and Fund Balances are all representations of Residual "Owner" Claims
- ▶ What Account links the Income Statement to the Balance Sheet? Owners Capital Account
- ▶ Which of the following asset accounts is the most liquid? Cash
- ▶ The Balance Sheet, Income Statement, and Owner's Capital Statement are summaries of the General Ledger Account Balances.
- ▶ The term "Bottom Line" refers to? Net Profit/Loss
- ▶ Wages are paid for Short term period
- ▶ Industry is further divided into 2 kinds.
- ▶ Primary Industry is divided further into Extractive & Genetic
- ▶ Secondary Industry is divided further into? Construction, Manufacturing & Services

- ▶ There is no partnership income tax; the individual partners pay a personal income tax on their portion of partnership profits
- ▶ If the partnership agreement does not specify otherwise, profits will be shared equally by the partners
- ▶ A partnership balance sheet is much like that of a proprietorship
- ▶ Which one of the country has more collectivist culture? Japan
- ▶ New and revised products may be tested through? Marketing research
- ▶ In which of the following do two or more organizations collaborate on a project for mutual gain? Joint venture
- ▶ When a manager focuses on making whatever products are easy to produce, and then trying to sell them, that manager has a Production orientation.
- ▶ The law relating to Joint Stock Companies has been laid in companies Ordinance? 1984
- ▶ Ethics refers to the standards of moral behaviour.
- ▶ Recruitment is the process of locating, identifying, and attracting capable applicants.
- ▶ Marketing mix is the combination of a product's qualities and features, its price, the way it is promoted and sold, and the places at which it is sold.
- ▶ The product life cycle is the typical sequence of changes in demand for a product that occurs over time.
- ▶ Key controllable factors in global marketing are? Marketing activities and plans
- ▶ Which of the following is/are the component/s of business? Both Industry and commerce
- ▶ First stage in evolution of business? Industrial revolution
- ▶ Which of the following business type has longest life time? Joint stock company
- ▶ Which of the following business type, has to pay double taxes to the government? Joint stock company
- ▶ Article of Association includes the rules and regulations, necessary to manage the internal affairs of the company.
- ▶ General information like Appointment, election and powers of directors, voting rights and transfer of shares mention in Prospectus
- ▶ To call the extraordinary meeting, how many days' notice is required? 21 days
- ▶ According to Section 305 of Companies Ordinance, a company may wound up by court under which of the following circumstances? Fails to submit statutory report
- ▶ Which of the following is the source of acquiring of redeemable capital? Participation Term Certificates
- ▶ Person cannot make a petition to the court to get an order for winding up of a company? Petition by debtor
- ▶ Which of the following is the disadvantage of modified schedules and alternative workplace? Complicated coordination
- ▶ Among different managerial styles, which of the following allows most rapid decision making? Autocratic styles
- ▶ Leadership is the process of motivating others to work to meet specific objectives.
- ▶ Which of the following represents the set of procedures involving both managers and subordinates in setting goals and evaluating progress? Management by Objectives (MBO)

- ▶ The internal environment consists of the insides forces that influence marketing strategy and decision making is/are as follows? (a) Organization Policies (b) Product Policies & (c) Management Structure
- ▶ A specific communication task to be accomplished with a specific target audience during a specific period of time is called as? Advertising objective
- ▶ Dividing a market into distance groups of buyers who have distinct needs, characteristics, or behavior and who might require separate products or marketing mixes? Market segmentation
- ▶ The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationship with target customers are called as? Marketing Environment
- ▶ The set of controllable tactical marketing tools-product, price, place and promotion that the firm blends to produce the response it wants in the target market? Marketing Environment
- ▶ Motor cycle and car are very different from one another, but both fulfill the need for transport is an example of? Substitute product competition
- ▶ Which of the following focuses on job content, environment, and conditions of employment? Job analysis
- ▶ Marketing research is a systematic search for information about customers' needs and how those needs differ.
- ▶ Marketing research is geared to uncover unmet consumer needs
- ▶ Marketing research provides an inexpensive method for tracking consumer behavior
- ▶ In the marketing research process that step is to define the problem followed by? Collection of data
- ▶ Which of the following is the least likely decision to be made by Operations Managers? Deciding which market areas to manufacture products for
- ▶ What kind of sales person are you most likely to find working in the pharmaceutical industry? Order taker
- ▶ Retailing includes all of the activities involved in the sale of products to final customers.
- ▶ Which of the following are the functions of management? Planning, Organizing & Coordinating
- ▶ It is difficult to transfer the rights of ownership in? Partnership
- ▶ A major advantage of the corporate form of organization is? Limited owner liability
- ▶ Statutory meeting must be held not later than 3 months from the date on which a public company is entitled to commence business
- ▶ Which of the following is the most important determinant of a firm's value? Earnings
- ▶ The marketing activity of dividing market into smaller units with similar needs and characteristics is known as Market segmentation
- ▶ Ethics refers to the standards of moral behavior.
- ▶ The difference between a country's merchandise exports and its merchandise imports is the Balance of trade
- ▶ The World Trade Organization (WTO)? Sets exchange rates to balance international trade among nations
- ▶ Which is a core function of management? Planning, Organizing & Leading
- ▶ In democratic style of leadership there is Upward and downward communication

- ▶ The following are included in a business plan? (a) Financial information, production plans, personnel policies (b) Goals of the business and how they will be achieved. & (c) Market analysis
- ▶ Which markets embody sense of justice? Free markets
- ▶ The most influential economic institutions are designed to achieve? Production of the goods & distribution of the goods
- ▶ Which philosopher defended the idea that we should always treat humanity as an end in itself rather than a means? Kant
- ▶ The concept that there are no relevant differences among people that can justify unequal treatment is known as? Egalitarianism
- ▶ The limited rights and correlative duties that arise when one person enters an agreement with another person is the definition of Contract
- ▶ Socialist view on distribution is best described as from each according to his ability, to each according to his needs
- ▶ Factual evidence has the following properties except? Time bound
- ▶ In which country Locke's property rights have been influential? America
- ▶ Utilitarianism is unable to deal with following kind of moral issues? Rights & Justice
- ▶ Privacy is an example of? Negative right
- ▶ Which theory includes means of production and selling one's labour? Capitalist systems
- ▶ Equality of income and equality of opportunity is refers to? Economic equality
- ▶ Through utilitarianism offers a clear-cut method of calculating morality. What is the number of problems identified with this method? 5
- ▶ Which of the following are components of free market systems? Private property system & Voluntary exchange system
- ▶ Which one of the following is an alternative to moral principles? Virtue Ethics
- ▶ Which of the following refers to the ability of a person or a country to produce a particular good at a lower opportunity cost than another country? Comparative advantage
- ▶ Relevant is not a basic type of moral standards?
- ▶ Which philosopher defended the idea that we should always treat humanity as an end in itself rather than a means? Kant
- ▶ The limited rights and correlative duties that arise when one person enters an agreement with another person is the definition of? Contract
- ▶ Which one is the justice concern of blaming or punishing persons for doing wrong? Redistributive justice
- ▶ Which of the following is the combining of two or more independent bodies into a single body? Merger
- ▶ Which one is considered as primary economic institution? Business Enterprises
- ▶ The idea that moral rightness or wrongness is culture-dependent is an example of Moral relativism
- ▶ How many considerations are there when to determine what the moral thing to do on any particular occasion? 3
- ▶ The type with which one looks only at moral rules or actions of a particular type is known as? Rule utilitarianism
- ▶ Which market approximates the model of the perfectly competitive free market? Agricultural market

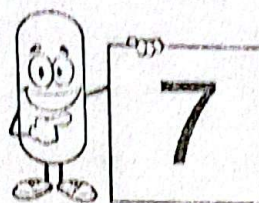
- ▶ What is the number of characteristics that differentiate between moral and non-moral standards? 5
- ▶ First principle of John Rawls theory is called? Principle of equal liberty
- ▶ In a command economy, all decisions are taken by the Government
- ▶ Greater economic freedom ranking countries enjoy the following except? Highest standards of living & Greatest degree of political freedom
- ▶ Which one of the following study aims to discover "what should be"? Normative Study
- ▶ Circumstances that leave a person uncertain but not altogether unsure about what he or she is doing is a feature of Mitigating factors
- ▶ What type of resource depletion is marked by increasing rates of usage and sudden, complete depletion within a short period of time? Exponential Depletion
- ▶ How many basic types of moral standards? 4
- ▶ Basic types of moral standards of are: Utilitarianism, rights, justice, and caring
- ▶ The three major types of ethical issues include except? Communication issues
- ▶ Which of the following refers to the reasoning process by which human behaviors, institutions, or policies are judged to be in accordance or not with moral standards? Moral reasoning
- ▶ The principle of categorical Imperative is given by Immanuel Kant
- ▶ Which kind of theory Utilitarianism has? Ethical
- ▶ The main purpose of business ethics is to? principles and concepts
- ▶ The contributive principle of distributive justice measured the contributions in terms of Work effort
- ▶ An acquired disposition that is a valuable part of a morally good person, exhibited in the person's habitual behavior is known as? Moral virtue
- ▶ Utilitarianism suggests that it is ethical to make decisions based on? What is best for most people.
- ▶ "Principle of Utility" as a method was the idea of Jeremy Bentham
- ▶ Which one of the following ethic sees concrete communities and communal relationships as having a fundamental value? Communitarian ethic
- ▶ Which one of the following moral judgment approaches will be used where someone has to make a decision how benefits and burdens should be distributed among the members of a group? Utility
- ▶ Socialist view on distribution is best described as From each according to his ability, to each according to his needs
- ▶ The three major types of ethical issues include except? Communication issues
- ▶ Justice Based on needs and abilities is known as? Capitalism
- ▶ An acquired disposition that is a valuable part of a morally good person, exhibited in the person's habitual behavior is known as? Moral virtue
- ▶ Which one of the following justices refers to the just imposition of penalties and punishments? Retributive
- ▶ In which of the following someone looks at individual acts to see whether they produce more pleasure, one looks only at moral rules at actions of a particular type? Rule utilitarianism

- ▶ Which of the following deals with the distribution of benefits and burdens, mostly in the evaluation of social, political, and economic institutions? Distributive justice
- ▶ On what grounds "Carol Gilligan criticized Kohlberg's research? It describes female characteristics
- ▶ How many essential components of Moral reasoning are? 4
- ▶ The type with which one looks only at moral rules or actions of a particular type is known as? Rule utilitarianism
- ▶ How many stages of moral development proposed by Carol Gilligan? Two
- ▶ Literally the word ethics stand for Understanding human nature
- ▶ The kind of care that is owed to those with whom we have special concrete relationships is known as? Standards of caring
- ▶ Informal reports are usually short messages with natural, casual use of language.
- ▶ In order to communicate, motivate and delegate a manager must have interpersonal skills
- ▶ Sales letters start with? An attention-getting device
- ▶ Circular letters are used? To send the same information to a number of people
- ▶ Complaint letter should be called Claim letter
- ▶ Letter refusing adjustment is written when? The buyer is at fault
- ▶ Task force is Disbanded after solving a specific problem, assigned to them.
- ▶ There are 3 basic parts of a formal report.
- ▶ Classification of Report is? Formal or Informal reports , Short or Long Reports
- ▶ Which writing style characterizes the memos? Informal
- ▶ Adjustment letter is the reply to complaint.
- ▶ Which one of the following items best reflects the extent to which a society places a high value on reducing risk and instability? Uncertainty avoidance
- ▶ When a manager made a decision and he is uncertain about the outcomes. His decision is likely to be Risky
- ▶ The management function that specifies goals to be achieved and deciding in advance the appropriate actions to achieve those goals is planning
- ▶ Monitoring organizational progress towards goal attainment is called controlling
- ▶ Organizational culture is similar to an individual's? Personality
- ▶ Who presented the Concept of Quality? Prof. Edward Deming
- ▶ New investment by any partner in the partnership type of business is credited to the partner's capital account
- ▶ Under fluctuation method of capital, what is the treatment of "Interest on capital"? Credited to capital account
- ▶ In which of the following types of partnership the liability of at least one partner is unlimited whereas the liability of other partners is limited? Limited partnership
- ▶ In which of the following types of partnership there is no agreement regarding the duration of partnership? Partnership-at-will

- ▶ Which of the following is known as the value addition to a business because of business reputation, customers' loyalty, brand name etc? Goodwill
- ▶ The theory explaining trade between two countries is called? Comparative cost theory
- ▶ An "Associated Company" is an entity in which the Company has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity.
- ▶ Associated Companies are accounted for using the equity method. Significant influence is generally presumed when the Company holds between 20 percent and 50 percent of the voting rights.

## مطالعہ پاکستان کیپسول بھی دستیاب ہے

- ▶ Who prepared the draft of Lahore Resolution? Sir, Sikandar Hayat
- ▶ Duration of National Anthem is 80 Seconds
- ▶ Swat Valley is situated in the mountain range of Hindukush
- ▶ NFC award awarded how many times till now? 7 times
- ▶ After creation of Pakistan Karachi was the Pakistan's First Radio Station
- ▶ Famous Pakistani woman player Maria Toor is associated with the game of Squish
- ▶ Picture of Faisal mosque is printed on the back of 5000 rupees
- ▶ Total amendments in constitution of Pakistan: 25
- ▶ Sheikh Ahmad Sirhind was born at Sirhind
- ▶ Number of Prime Ministers till 1958 are Seven Prime Ministers
- ▶ Anjuman-e-Himayat Islam was established in? 1884
- ▶ Ali Makhdom Hajweri popularly known as Hazrat Data Ganj Bakhsh came to India with Sultan Masud of Gazni
- ▶ PPP's Saleem Mandviwalla was elected as the deputy chairman on 12 March 2018.
- ▶ A nine-year-old Pakistani girl Selena Khawaja has become the youngest to scale the 5,765-metre-high Quz Sar Peak in Shimshal Valley, Hunza.
- ▶ First Governor of Khyber Pakhtunkhwa (NWFP) was Sir George Cunningham
- ▶ First Muslim Governor of Khyber Pakhtunkhwa was Sahibzada Mohammad Khurshid
- ▶ First Governor of Balochistan was Lt Gen Riaz Hussain
- ▶ First governor of Gilgit-Baltistan was Shamma Khalid
- ▶ First Joint chief of Staff Committee General Muhammad Shariff
- ▶ First commander-in-chief of Army Gen. Frank Meservy
- ▶ First Muslim commander-in-Chief of Army G.M. Ayub Khan
- ▶ First commander-in-chief of Air Force Air vice Marshal Allan Perry Keene
- ▶ First Muslim commander-in-Chief of Air Force Air Marshal Asghar Khan
- ▶ First commander-in-chief Navy Rear Admiral James Wilfred Jefford



- ▶ Who is credited for the theory of motivation based on the hierarchy of needs? Abraham Maslow
- ▶ During test of control procedure its design can easily tested with the help of? ICQS and ICEC
- ▶ The audit profession is regulated by its own professional body
- ▶ Which letter should be included in the letter of representation? Existence of immaterial mistake in the statement
- ▶ For measuring the quality of audit evidence auditors used the tool of appropriateness; in case if auditor wants to measure quantity of audit evidence which tools from the following should be adopted? Sufficiency
- ▶ When the cash sales should be recorded by the companies in order to achieve control objectives? Record the cash sales at the point they are made
- ▶ Which of the following primary assertions is satisfied when an auditor ensures that there are no unrecorded assets, liabilities, transactions or events or undisclosed items in the client's financial records? Completeness
- ▶ Which of the following is a series of constant cash flows that occur at the end of each period for some fixed number of periods? Ordinary annuity
- ▶ Which of the following ratios are intended to address the firm's financial leverage? Long-term Solvency Ratios
- ▶ Balance Sheet is based upon which of the following formula?  $\text{Assets} = \text{Liabilities} + \text{Stockholder's equity}$
- ▶ Quick Ratio is also known as Acid-test Ratio
- ▶ Which of the following is a special case of annuity, where the stream of cash flows continues forever? Perpetuity
- ▶ The conflict of interest between stockholders and management is known as: Agency problem
- ▶ Which of the following ratios are particularly interesting to short term creditors? Liquidity Ratios
- ▶ In which form of Business, owners have limited liability? joint stock company
- ▶ Which of the following item provides the important function of shielding part of income from taxes? Depreciation
- ▶ The process of determining the present value of a payment or a stream of payments that is to be received in the future is known as Discounting
- ▶ Which equation is known as Cash Flow (CF) identity?  $\text{D. CF from Assets} = \text{CF to Creditors} + \text{CF to Stockholder}$
- ▶ which type of annuity, cash flows occur at the beginning of each period? Ordinary annuity
- ▶ Between the two identical bonds having different maturity periods, the price of the bond will change less than that of short-term; long-term bond.

- ▶ Which of the following form of business organization is least regulated? Sole-proprietorship
- ▶ Which of the following is measured by profit margin? Operating efficiency
- ▶ A company having a current ratio of 1 will have zero net working capital.
- ▶ In which type of business, all owners share in gains and losses and all have unlimited liability for all business debts? General Partnership
- ▶ Which of the following is measured by retention ratio? Dividend policy
- ▶ Which one of the following terms refers to the risk arises for bond owners from fluctuating interest rates? Interest Rate Risk
- ▶ Which of the following set of ratios relates the market price of the firm's common stock to selected financial statement items? Market Value Ratios
- ▶ If a firm uses cash to purchase inventory, its quick ratio will? Decrease
- ▶ Standard Corporation sold fully depreciated equipment for Rs.5,000. This transaction will be reported on the cash flow statement as a(n)? Investing activity
- ▶ Which of the following form of business organization is least regulated? Sole-proprietorship
- ▶ A group of accounts with a common characteristic, such as all customer accounts is a? Subsidiary ledger
- ▶ Which of the following accounts would be increased with a debit? Owner's Drawings
- ▶ How do you get the Current Ratio? divide current assets by current liabilities
- ▶ When we talk about accounting, what kind of job do we mean? All of bookkeeping, auditing, consulting, and more.
- ▶ Which part of the G.A.A.P. is "the assumption that economic events can be identified with a particular unit of accountability"? Economic entity assumption
- ▶ Which form of accounting states that transactions are to be recorded in the period that they occur? Accrual basis of accounting
- ▶ Usually, what asset account in a company's ledger is the most liquid? Cash
- ▶ Which kind of accountant would you go to have prepare your income tax documentation, public or private? public
- ▶ What does the certification CA stand for (in Canada)? Chartered Accountant
- ▶ When you have yet to bill a customer for services rendered and have not received the money in the same financial period that the service was performed, then the transaction is recorded as a(n) accrued revenue (assume accrual basis of accounting)?
- ▶ What are internal controls designed to do? safeguard assets and optimize the use of resources
- ▶ Who writes instructions that directs a computer's action? Programmer
- ▶ Who designs a computer system? systems analyst
- ▶ What is a firm's payment to a supplier for merchandise inventory recorded in? cash disbursements journal
- ▶ Where are amounts owed by customers for credit purchases found? accounts receivable subsidiary ledger
- ▶ Where would a debit posted to accounts payable in the general ledger come from? cash disbursements journal

- ▶ The owner of a business puts money into the business. What is credited? Capital a/c
- ▶ A loan in cash is received from D Michael. What is credited? Michael Loan a/c
- ▶ Which of the following is a control account? Accounts Receivable
- ▶ What does the abbreviation GAAP stand for? Generally Accepted Accounting Principles
- ▶ Which accounting principle states that the same amount of time must be used for each accounting period? Time Period Principle
- ▶ What is the cash basis of accounting? Revenue and expenses are recognized as cash comes in or goes out.
- ▶ This can be written either in an account form or a report form? Balance Sheet
- ▶ Trial Balance is not considered a financial statement?
- ▶ What is the amount earned from the sale of goods and services called? Revenue
- ▶ What is it called when your expenses are greater than your revenues on an income statement? Net Loss
- ▶ An income statement encompasses which of the following? Expenses, Revenues, Net Income or Net Loss
- ▶ A cost that changes with the number of units produced, but that can never be zero, is what kind of cost? Mixed cost
- ▶ Manufacturing overhead is allocated as what kind of cost? Product cost
- ▶ A cost that changes with the number of units produced and is zero when no units are produced is what kind of cost? Variable cost
- ▶ A cost that remains unchanged across the relevant range of units produced is what kind of cost? Fixed cost
- ▶ The costing system that tracks costs to a department or work group and assigns the cost to products produced by that department or work group is which kind of costing system? Process costing system
- ▶ A costing system that tracks costs to a specific lot of a product is which kind of costing system? Job order costing system
- ▶ The costing system that initially assigns all costs to Cost of Goods Sold and then removes them to the appropriate inventory values is which kind of costing system? Backflush costing system
- ▶ I helped to sell a piece of land and received some commission for it. Would commission received be credited or debited in my accounts? Credited
- ▶ A primary user of accounting information with a direct financial interest in the business is a director
- ▶ Accounting for government, foundations, hospitals, labour unions, colleges/universities, and charities is part of which broad category within the accounting profession? Not-for-profit accounting
- ▶ Where are amounts owed by customers for credit purchases found? accounts receivable subsidiary ledger
- ▶ When revenue is greater than expenses, you have a Net Income
- ▶ Which financial statement shows the results of the operating activities of a firm for a specific period of time? Income Statement
- ▶ This statement reports the net cash flows relating to operating, investing, and financing activities for a period of time? Statement of Cash Flows
- ▶ Which government agency has the authority to set acceptable accounting methods in the U.S.? SEC

- ▶ The amount of cash paid in acquiring an asset is called what? Historical Cost
- ▶ Which is an example of an intangible asset? Patent
- ▶ Earnings that a firm realizes in excess of dividends are called what? Retained Earnings
- ▶ A Trial Balance lists each of the accounts in the general ledger with its balance as of a particular date.
- ▶ What is the normal balance for an expense account? Debit
- ▶ The act of transferring the information from the General Journal to the General Ledger is called what? Posting
- ▶ The abbreviations for debit and credit (Dr. and Cr.) come from what language, and mean what? Latin, debere and credere
- ▶ What kind of balance sheet makes distinctions between current and capital assets? Classified
- ▶ What is an account that involves expenses, losses, incomes and gains known as? Nominal Account
- ▶ What is a salary in terms of expenses and incomes? Expense for employer and income for employee
- ▶ What is opportunity cost? The next best undergone alternative
- ▶ What happens in a Double entry system? For every Debit there is an equal Credit
- ▶ In the term "Balance C/D", what does "C/D" stand for? carry down
- ▶ These are economic resources with the ability or potential to provide future benefits? Assets
- ▶ Are assets debited or credited when they increase? Debited
- ▶ Goods bought on credit from J Roger. What is debited? Purchases a/c
- ▶ Vans bought on credit from K Logan. What is debited? Vans a/c
- ▶ Goods sold on credit to N Hopson. What is credited? Sales a/c
- ▶ Goods are sold. Jack immediately pays by cheque. What is debited? Bank a/c
- ▶ Goods purchased by us, returned to supplier J Johnson. What is credited? Purchase returns a/c
- ▶ Goods sold returned to us by customer, T Jacob. What is debited? Sales Returns a/c
- ▶ Goods bought by cheque. If you have bought the goods, what is credited? Bank a/c
- ▶ What is the activity sequence of the basic information processing model? collect data, organize and process data, and communicate information
- ▶ The accounting process involves in recording? Quantifiable economic event
- ▶ In accounting an Economic event is referred to as Transaction
- ▶ Identify the correct sequence of accounting process? Identifying, recording, communicating
- ▶ Bookkeeping mainly concerns with which part of accounting process? Recording financial information
- ▶ Financial accounting provides financial information to all of the following external users except? Managers
- ▶ For which step of accounting process the accountants of business entity prepare financial statements? Communication of financial information
- ▶ Keeping the log of financial information in books of original entries is called Recording
- ▶ Auditing is what? Examination of financial statements

- ▶ Which is the external user of financial statements? Creditor of the business
- ▶ Which is the internal user of financial statements? Manager of the business
- ▶ Identifying an economic event or transaction is the first phase of accounting cycle
- ▶ Financial statements differ from management account because they are mainly prepared for external users of financial information
- ▶ Company is a separate legal entity that Total capital can be divided in many shares
- ▶ An asset posses which of the following? Future economic benefits for the business
- ▶ Liabilities are which of the following? Obligations
- ▶ Income is the gross inflow of economic benefits
- ▶ The gross decrease in economic benefits for the business are what? Expenses
- ▶ An asset must be Controlled by the business to be shown as an asset in its "balance sheet"
- ▶ Liability are arisen from which of the following events? Past event
- ▶ Which of the following can be considered as the most important phase of accounting cycle and it is the primarily objective of financial accounting? Preparing financial statements
- ▶ Which is the most important characteristic that all assets of a business have? Future economic benefits
- ▶ What is the basic accounting equation?  $\text{Capital} + \text{Liabilities} = \text{Assets}$
- ▶ Creditors is a liability
- ▶ What is equity? Owner's claim on total assets
- ▶ Cash and cash equivalent are considered as asset
- ▶ Drawings the withdrawal of cash and goods by the owner of the business for his/her personal use
- ▶ Net loss occurs when expenses are greater than Income
- ▶ Double entry implies that recording two aspects of every transaction
- ▶ Rent expenses account is a nominal account
- ▶ Which account can be classified as a real account? Cash account
- ▶  $\text{Assets} = \text{Capital} + \text{Liabilities}$
- ▶ Capital increases if Revenue increases
- ▶ Capital of a business decreases if there is an increase in Drawings
- ▶ If the business's owner withdraws cash for his/her personal use what will be the effect on capital? Decrease in capital
- ▶ Net income equal to Revenues minus? Expenses
- ▶ Collection of account receivable will increase assets and decrease assets
- ▶ Payment of expenses will reduce the assets
- ▶ Which of the following is the practical implementation of the accounting equation? Statement of financial position
- ▶  $\text{Assets} - \text{Liabilities} = \text{Capital}$
- ▶ Fresh capital introduction will increase? Assets and equity
- ▶ Cash received for services rendered will? Increase cash and equity
- ▶ Which best describes the increase in equity expands? Business operations
- ▶ Depreciation decreases Capital

- ▶ An increase in provision for bad debt will Decrease net income
- ▶ Current assets - Current liabilities=? Net working capital
- ▶ Assets-Liabilities=? Equity
- ▶ The sales account will be found in General ledger
- ▶ Which of the following would transactions would be entered in the journal? Purchase of vehicle on credit for business use
- ▶ A fixed amount paid out of a UK bank account on a regular basis is known to the payer as a Standing order
- ▶ Machinery is not a nominal account?
- ▶ Value added tax should not be deducted from gross income at source?
- ▶ A contra entry in the cashbook would include withdrawing cash from the bank account
- ▶ The returns inwards day book would contain? Stock that customers have returned
- ▶ The bank column can have either a debit or a credit balance
- ▶ The account of a supplier would be found in Purchase ledger
- ▶ Debiting the petty cash book with the exact amount spent in the previous period is an example of Imprest system
- ▶ The source document for making entries in the returns inwards day book is Credit note
- ▶ Ledger accounts of our credit customers will be found in the sales ledger
- ▶ A source document used to construct the cashbook would include cheque counterfoils
- ▶ A cheque deposited for which the bank will not transfer any money can be known as dishonoured cheque
- ▶ Drawings reduces the capital balance
- ▶ The books of accounts of the society are audited by Government auditors.
- ▶ The process of recording is done? Frequently during the accounting period
- ▶ The act of transferring the information from the General Journal to the General Ledger is called what? Posting
- ▶ What is a firm's payment to a supplier for merchandise inventory recorded in? cash disbursements journal
- ▶ Where are amounts owed by customers for credit purchases found? accounts receivable subsidiary ledger
- ▶ Losses arising in the production process that should have been avoided is called Abnormal losses.
- ▶ Where would a debit posted to accounts payable in the general ledger come from? cash disbursements journal
- ▶ A Trial Balance lists each of the accounts in the general ledger with its balance as of a particular date. What is it?
- ▶ Usually, what asset account in a company's ledger is the most liquid? Cash
- ▶ A group of accounts with a common characteristic, such as all customer accounts is a? Subsidiary ledger
- ▶ General journal is a book of Original entries
- ▶ The process of recording transactions in different journals is called Journalizing
- ▶ Every business transaction affects at least Two accounts
- ▶ Discount allowed is a kind of deduction from? Account receivable

- ▶ The other name of journal is Day book
- ▶ A journal entry in which two or more account is debited or credited is referred as Compound entry
- ▶ The term 2/10-n/30 implies that 2 % discount will be given if the payment is made within 10 days or full amount is receivable within 30 days
- ▶ Goods returned by customer should be debited to which of the following accounts? Return inward account
- ▶ Discount allowed is Expense of business
- ▶ Source documents is the evidence that a transaction took place
- ▶ Which of the following will be debited if a business purchases goods on credit? Purchases
- ▶ Which of the following accounts will be debited if the business's owner withdraws cash from business for his personal use? Drawings
- ▶ Journals are also referred as Book of original entries
- ▶ In which of the following orders data is entered in journal? Chronological order
- ▶ Cash discount is allowed on Prompt repayment of debt
- ▶ Cash book is prepared by Accountant of business
- ▶ The most common imprest system is the petty cash system
- ▶ Discount received is recorded on which of the following side of a cash book? Payments
- ▶ Drawings by owner of business are generally recorded on which of the following side of a cash book? Payments
- ▶ Introduction capital by owner of business is recorded on which side of a cash book? Receipts
- ▶ Cash book with cash and discount column is mostly referred as Two column cash book
- ▶ A cash book that is used to record the small payments of cash is generally referred as Petty cash book
- ▶ A simple or one column cash book usually has which of the following main columns? Cash
- ▶ Which of the following accounts will be credited if a company purchases building for cash? Cash account
- ▶ Discount for quick repayment of debt is normally referred as Cash discount
- ▶ The first step in accounting process is Identifying the transaction
- ▶ A chart of accounts generally start with which of the following types of accounts? Assets accounts
- ▶ The closing balance of petty cash book is considered as Asset
- ▶ Payment of rent expenses is recorded on which side of cash book? Payments
- ▶ An entry which is made on both sides of a cash book is called Contra entry
- ▶ A cash book with cash, bank and discount column is commonly referred as Three columns cash book
- ▶ Cash book records cash payments and cash receipts
- ▶ Purchase of office equipment for cash will be recorded on which of the following sides of a cash book? Payments
- ▶ Postdated checks are considered as Accounts receivable
- ▶ Postage stamps on hand are considered as Prepaid expenses
- ▶ Petty cash fund is supposed to be replenished? At the end of every accounting period

- ▶ Seller is generally not the party to a check?
- ▶ A credit balance in cash book indicates? Bank overdraft
- ▶ Which of the following specialised journals records "goods returned by customers"? Sales return journal
- ▶ Sales on credit is recorded in which of the following journal? Sales journal
- ▶ Transactions that a business doesn't record in any specialised journal are recorded in which of the following journals or day books? General journal
- ▶ Another name of journal is Day book
- ▶ Which of the following specialised journals will record "goods returned by the business"? Purchases return journal
- ▶ Credit note is the basis for recording a transaction in which of the following specialized journals? Sales return journal
- ▶ Specialized journals are more adequate for which type of businesses? Big businesses
- ▶ Which of the following is known as an evidence that a transaction took place? Source document
- ▶ "Business paid rent amounting to \$100" which of the following specialized journals records this transaction? Cash payments journal
- ▶ Credit memo or credit note No. is entered in which of the following journal? Sales return day book
- ▶ Transferring entries from journal to ledger account is commonly known as? Posting
- ▶ An account records the increase or decrease in the balance of an item
- ▶ If credit side of a bank account is greater than the debit side, it indicates which of the following? Bank overdraft
- ▶ If debit side of a bank account is greater than credit side it indicates which of the following? Cash at bank
- ▶ Purchases will be credited if goods are given as charity
- ▶ Which of the following is known as the base for preparing trial balance? Ledger account
- ▶ Sales and purchase journal don't record? Cash sales and purchases
- ▶ Cash received from debtor is recorded in which of the following specialized journals? Cash receipts
- ▶ Which of the following is a type of cash receipt journal + cash payment journal? Cash book
- ▶ The total sales for a period of time would be? All credit and cash sales for that period
- ▶ Which of the following would be classified as an asset? Stocks of goods purchased on credit
- ▶ Given the following data, calculate the value of the firm's capital. Fixed assets £18,700, stock £4,300, debtors £2,800, cash at bank, £1,100 and creditors £2,450? £24,450
- ▶ Cash purchases is recorded in which of the following specialized journals? Cash payments journal
- ▶ A brief explanation recorded below every entry in general journal is commonly known as Narration
- ▶ Credit purchase of plant and machinery is recorded in which of the following specialized journals? General journal
- ▶ Debit note is the basis for recording a transaction in which of the following journals? Purchase return journal
- ▶ "Sale of old furniture" will be recorded in which of the following specialised journals? General journal
- ▶ If debit balance is greater than credit balance then the account balance will be? Debit balance

- ▶ The normal balance of asset account is Credit balance
- ▶ The normal balance of liability account is Credit balance
- ▶ Which of the following is the normal balance of a rent expense account? Debit balance
- ▶ Revenue and expense accounts are referred as Nominal accounts
- ▶ The real accounts are accounts of Assets, liabilities and Capital
- ▶ Building account is classified as Real account
- ▶ Office equipments account is classified as Real account
- ▶ Ledger accounts helps business to classify transactions according to their nature:
- ▶ Office equipment is a real account?
- ▶ Which of the following accounts are closed at the end of an accounting period? Nominal accounts
- ▶ Which of the following is the closing balance of a ledger account? Balance C/D
- ▶ The purchases day book will contain purchases made but not paid for at time of purchase
- ▶ The sales account will be found in general ledger
- ▶ Which transaction would be entered in the journal? Purchase of vehicle on credit for business use
- ▶ A fixed amount paid out of a UK bank account on a regular basis is known to the payer as a Standing order
- ▶ Machinery is not a nominal account?
- ▶ Value added tax should be deducted from gross

- ▶ The normal balance of capital account is Credit balance
- ▶ The normal balance of asset account is Debit balance
- ▶ The normal balance of liability account is Credit balance
- ▶ Which of the following is the normal balance of a rent expense account? Debit balance
- ▶ Revenue and expense accounts are referred as Nominal accounts
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- ▶ Value added tax should not be deducted from gross income at source?
- ▶ A contra entry in the cashbook would include withdrawing cash from the bank account
- ▶ The returns inwards day book would contain? Stock that customers have returned
- ▶ The bank column can have either a debit or a credit balance
- ▶ The account of a supplier would be found in Purchases ledger
- ▶ From cash sales of £4,500 with VAT included, the net amount of sales would be? £3,829.79
- ▶ Debiting the petty cash book with the exact amount spent in the previous period is an example of Imprest system
- ▶ The source document for making entries in the returns inwards day book is? Credit note
- ▶ Ledger accounts of our credit customers will be found in the Sales ledger
- ▶ A source document used to construct the cashbook would include? cheque counterfoils
- ▶ A cheque deposited for which the bank will not transfer any money can be known as Dishonoured cheque
- ▶ Given the following data, calculate the value of the firm's capital: Fixed assets £4,000; stock £350; debtors £180; cash at bank £650 and creditors £280? £4,900
- ▶ Debtor is not a liability
- ▶ Drawings reduces the capital balance
- ▶ The method of allocating all factory indirect expenses to products is called Absorption costing.
- ▶ All fixed costs are allocated to cost units
- ▶ ACCD stands for Agency of Commerce and Community Development

- ▶ Part of double entry records, containing details of transactions for a specific item is called Account.
- ▶ The computerized equivalent of the folio references used in a manual accounting system, whereby each ledger account is given a unique number is called account codes.
- ▶ The process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information is called accounting.
- ▶ The sequence in which data is recorded and processed until it becomes part of the financial statements at the end of the period is called accounting cycle.
- ▶ The total suite of components that, together, comprise all the inputs, storage, transformation processing, collating, and reporting of financial transaction data is called accounting information system.
- ▶ Accounting information system is, in effect, the infrastructure that supports the production and delivery of accounting information.
- ▶ Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements is called accounting policies.
- ▶ Accounts (or Final Accounts) is a term previously used to refer to statements produced at the end of accounting periods, such as the trading and profit and loss account and the balance sheet.
- ▶ Amounts owed to others for goods and services received and assets acquired by the State is called accounts Payable.
- ▶ Any period of time designated for which financial statements are prepared is called accounting Period.
- ▶ Amounts due from others for goods furnished and services rendered is called accounts Receivable.
- ▶ The concept that profit is the difference between revenue and the expenses incurred in generating that revenue is called accruals concept.
- ▶ The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded when incurred is called accrual Basis.
- ▶ To record revenues and expenditures when they meet the recognition of the fund type involved regardless of when the cash activity occurs is called accrue.
- ▶ A contra-asset account valuation account used to record the accumulation of periodic credits made to reflect the expiration of the estimated useful life of capitalized assets is called accumulated Depreciation.
- ▶ An expense for which the benefit has been received but which has not been paid for by the end of the period is called accrued expense.
- ▶ Income (normally) from a source other than the main source of business income, such as rent receivable on an unused office in the company headquarters, that was due to be received by the end of the period but which has not been received by that date is called accrued income.
- ▶ The account where depreciation is accumulated for balance sheet purposes is called accumulated depreciation account.
- ▶ Accumulated depreciation account is used in order to leave the cost (or valuation) figure as the balance in the fixed asset account.
- ▶ A form of capital account for a non-profit-oriented organization is called accumulated fund.

- ▶ A ratio comparing current assets less stock with current liabilities is called acid test ratio.
- ▶ The process of using cost drivers as the basis for overhead absorption is called activity-based costing.
- ▶ A difference arising that is apparently 'bad' from the perspective of the organization is called adverse variance.
- ▶ Agency funds are used to account for the assets held by the state as an agent for individuals, private organizations, and other governments is called agency Funds.
- ▶ A part of a lump-sum appropriation which is designated for expenditure by specific organizational units and/or for special purposes, activities or objects is called allocation.
- ▶ An income-generating investment whereby, in return for the payment of a single lump sum, the annuitant receives regular amounts of income over a predefined period is called annuity.
- ▶ A term used instead of depreciation when assets are used up simply because of the passing of time is called amortisation.
- ▶ An authorization granted by the constitution or the legislature to make expenditures or to incur obligations for a specific purpose is called appropriation.
- ▶ An appropriation is usually limited in amount and as to the time when it may be spent, normally calendar or fiscal year.
- ▶ The document that arranges the internal relationships, for example, between members of the company, and the duties of directors is called articles of Association.
- ▶ The Companies Act 1985 gives a model for articles of Association known as Table A
- ▶ Resources owned by a business. Economic resources controlled by an entity as a result of past transactions or events from which future economic benefits may be obtained is called assets.
- ▶ A company which is not a subsidiary of the investing group or company but in which the investing group or company has a long-term interest and over which it exercises significant influence is called associate undertaking.
- ▶ A standard that can be achieved in normal conditions. It takes into account normal losses, and normal levels of downtime and waste is called attainable standard.
- ▶ A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities is called audit.
- ▶ A nationwide banking network that provides for electronic distribution and settlement of funds is called automated Clearing House (ACH).
- ▶ AVCO is a method by which the goods used are priced out at average cost.
- ▶ A debt that a business will not be able to collect is called Bad debt.
- ▶ The difference between both sides of an account that is entered below the totals on the opposite side to the one on which the balance carried down was entered is called Balance brought down.
- ▶ A budget in which receipts are equal to or greater than outlays in a fiscal period is called Balanced Budget
- ▶ The difference between both sides of an account that is entered above the totals and makes the total of both sides equal each other is called Balance carried down.

- ▶ Insert the difference (called a 'balance') between the two sides of an account and then total and rule off the account is called Balance off the account.
- ▶ A technique that assesses performance across a balanced set of four perspectives – customers, internal processes, organizational learning and growth, and financial is called Balanced scorecard.
- ▶ A statement showing the assets, liabilities, and capital of a business is called Balance sheet.
- ▶ A cash book that only contains entries relating to payments into and out of the bank is called Bank Cash Book.
- ▶ A type of pay-in slip usually used when the payment is into an account held in a different bank is called Bank giro credit.
- ▶ An amount paid by someone directly into someone else's bank account is called Bank Giro credit.
- ▶ An amount of money advanced by a bank that has a fixed rate of interest that is charged on the full amount and is repayable on a specified future date is called Bank loan.
- ▶ A calculation comparing the Cash Book balance with the bank statement balance is called Bank reconciliation statement.
- ▶ A copy issued by a bank to a customer showing the customer's current account maintained at the bank is called Bank statement.
- ▶ Shares issued to existing shareholders free of charge is called Bonus shares.
- ▶ The level of activity at which total revenues equal total costs is called Break-even point.
- ▶ A debt instrument issued through a formal legal procedure and secured either by the pledge or specific properties, or revenues or by the general credit of the state is called Bond.
- ▶ The net amount at which an asset or asset group appears on the books of account, as distinguished from its market or intrinsic value is called Book Value.
- ▶ The process of recording data relating to accounting transactions in the accounting books is called Bookkeeping.
- ▶ Books where the first entry recording a transaction is made is called Books of original entry.
- ▶ Books of original entry are sometimes referred to as 'Books of Prime Entry'.
- ▶ A variant of a Purchases Ledger where the individual accounts of the creditors, whether they be for goods or for expenses such as stationery or motor expenses, can be kept together in a single ledger is called Bought Ledger.
- ▶ A plan quantified in monetary terms in advance of a defined time period – usually showing planned income and expenditure and the capital employed to achieve a given objective is called Budget.
- ▶ The fiscal year for which the budget is being considered; the fiscal year following the current year is called Budget Year.
- ▶ Assumption that only transactions that affect the firm, and not the owner's private transactions, will be recorded is called Business entity concept.
- ▶ Businesses purchase from other businesses and/or sell their goods and services to other businesses is called Business-to-business (B2B).
- ▶ Businesses sell to consumers is called Business-to-consumer (B2C).
- ▶ Products of minor sales value that result from the production of a main product is called By-product.
- ▶ The total of resources invested and left in a business by its owner is called Capital.

- ▶ When a business spends money to buy or add value to a fixed asset is called Capital expenditure.
- ▶ A 'non-distributable' reserve created when shares are redeemed or purchased other than from the proceeds of a fresh issue of shares is called Capital redemption reserve.
- ▶ As defined by the state's capitalization policy...a physical resource that costs at least \$5,000 and provides future economic benefit for a minimum of two years is called Capital Asset.
- ▶ A disbursement of money which results in the acquisition of or addition to fixed assets, i.e., land acquisition, building and construction, addition, renovation is called Capital Outlay.
- ▶ The criteria used to determine which capital outlays should be reported as capital assets on the state's financial statements is called Capitalization Policy.
- ▶ An account that can be used by sole traders and partnerships to place the amount by which the total purchase price paid for a business is less than the valuation of the net assets acquired is called Capital reserve.
- ▶ Limited companies cannot use a capital reserve for this purpose. Sole traders and partnerships can instead, if they wish, record the shortfall as negative goodwill.
- ▶ A reserve which is a balance of profit retained that can never be used for the payment of cash dividends is called Capital reserve.
- ▶ Cost of transport of goods into a business is called Carriage inwards.
- ▶ Cost of transport of goods out to the customers of a business is called Carriage outwards.
- ▶ Cash balances and bank balances, plus funds invested in 'cash equivalents' is called Cash.
- ▶ A book of original entry for cash and bank receipts and payments is called Cash Book.
- ▶ Temporary investments of cash not required at present by the business, such as funds put on short-term deposit with a bank. Such investments must be readily convertible into cash, or available as cash within three months is called Cash equivalents.
- ▶ A statement showing how cash has been generated and disposed of by an organization is called Cash flow statement.
- ▶ A receipts-and-payments-based accounting system is called Cash-based accounting.
- ▶ A basis for accounting whereby revenues are recorded only when received and expenses are recorded only when paid without regard to the period in they were earned or incurred is called Cash Basis.
- ▶ An allowance received or given if payment is completed within a stated period of time is called Cash Discount.
- ▶ Cash disbursements are any monies (e.g., cash, checks, warrants, ACH/EFT, etc.) paid by the state during a period regardless of when the related obligations are incurred is called Cash Disbursements.
- ▶ Any moneys (e.g., currency, coins, checks, money orders, or other negotiable instruments) received by the state during a period regardless of when the moneys are earned is called Cash Receipts.
- ▶ Adding up figures is called Casting.
- ▶ A payment card that requires the cardholder to settle the account in full at the end of a specified period, e.g. American Express and Diners cards is called Charge card.
- ▶ Holders have to pay an annual fee for the card.

- ▶ The list of account codes used in a computerized accounting system is called Chart of Accounts.
- ▶ Book containing forms (cheques) used to pay money out of a current account is called Cheque book.
- ▶ The process by which amounts paid by cheque from an account in one bank are transferred to the bank account of the payee is called Clearing.
- ▶ An account used to accumulate total charges or credits so that they can be distributed later among the accounts to which they are allocable is called Clearing Account.
- ▶ Totaling and ruling off an account on which there is no outstanding balance is called Close off the account.
- ▶ A Purchases Day Book used to record all items obtained on credit. It has analysis columns so that the various types of expenditure can be grouped together in a column is called Columnar Purchases Day Book.
- ▶ Columnar Purchases Day Book is also called a Purchases Analysis Book.
- ▶ A Sales Day Book used to show the sales for a period organized in analysis columns according to how the information recorded is to be analyzed is called Columnar Sales Day Book.
- ▶ Columnar Sales Day Book is also called a Sales Analysis Book.
- ▶ Where two errors of equal amounts, but on opposite sides of the accounts, cancel each other out is called Compensating error.
- ▶ Keeping to the same method of recording and processing transactions is called Consistency.
- ▶ A contra, for Cash Book Items, is where both the debit and the credit entries are shown in the Cash Book, such as when cash is paid into the bank is called Contra.
- ▶ Consolidation accounting means bringing together into a single balance sheet and profit and loss account the separate financial statements of a group of companies. Hence they are known as group financial statements.
- ▶ A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers is called Consumer Price Index.
- ▶ The CPI for all urban consumers covers about 80% of the total population.
- ▶ Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled dispute claims, unfilled purchase orders, and uncompleted contracts is called Contingent Liability.
- ▶ The third component of internal controls; the structure, policies, and procedures, which an organization establishes so that identified risks do not prevent the organization from reaching its objectives is called Control Activities.
- ▶ The surplus of revenue over direct costs allocated to a section of a business is called Contribution.
- ▶ The exercise of power over and responsibility for corporate entities is called Corporate governance.
- ▶ A form of direct taxation levied on the profits of companies. The rate is determined each year in the Finance Act is called Corporation tax.
- ▶ An account which checks the arithmetical accuracy of a ledger is called Control account.
- ▶ A production or service location, function, activity, or item of equipment whose costs may be attributed to cost units is called Cost centre.

- ▶ A unit of product or service in relation to which costs are ascertained is called Cost unit.
- ▶ An alternative expression to goodwill is called Cost of control.
- ▶ The right-hand side of the accounts in double entry is called Credit.
- ▶ A card enabling the holder to make purchases and to draw cash up to a pre-arranged limit is called Credit card.
- ▶ The credit granted in a period can be settled in full or in part by the end of a specified period. Many credit cards carry no annual fee. (Compare this to a charge card.)
- ▶ A document sent to a customer showing allowance given by a supplier in respect of unsatisfactory goods is called Credit note.
- ▶ A person to whom money is owed for goods or services is called Creditor.
- ▶ A ratio assessing how long a business takes to pay creditors is called Creditor/purchases ratio.
- ▶ A bank account used for regular payments in and out of the bank is called Current account.
- ▶ Assets consisting of cash, goods for resale or items having a short life is called Current assets.
- ▶ Liabilities to be paid for within a year of the balance sheet date is called Current liabilities.
- ▶ A ratio comparing current assets with current liabilities is called Current ratio.
- ▶ Books in which credit sales, purchases, and returns inwards and outwards of goods are first recorded is called Day books.
- ▶ The details are then posted from the day books to the ledger accounts.
- ▶ Loan to a company is called Debenture.
- ▶ The left-hand side of the accounts in double entry is called Debit.
- ▶ A card linked to a bank or building society account and used to pay for goods and services by debiting the holder's account is called Debit card.
- ▶ Debit cards are usually combined with other facilities such as ATM and cheque guarantee functions.
- ▶ A document sent to a supplier showing allowance to be given for unsatisfactory goods is called Debit note.
- ▶ A person who owes money to a business for goods or services supplied to him is called Debtor.
- ▶ A ratio assessing how long it takes debtors to pay their debts is called Debtor/sales ratio.
- ▶ A bond or document acknowledging a loan to a company, normally under the company's seal and carrying a fixed rate of interest is called Debenture.
- ▶ An obligation resulting from the borrowing of money or from the purchase of goods and services is called Debt.
- ▶ Debts of the state include bonds, accounts payable, and other liabilities.
- ▶ The excess of the liabilities and reserves of a fund over its assets is called Deficit.
- ▶ The excess of expenditures over revenues during an accounting period is called Deficit.
- ▶ A situation in which the Federal government's excess of outlays over receipts for a given period is financed by borrowing from the public is called Deficit Financing.
- ▶ A control designed to discover an unintended event or result (contrast with Preventative Control) is called Detective Control.

- ▶ Timing differences arise between the accounting treatment of events and their taxation results. Deferred taxation accounting adjusts the differences so that the accounts are not misleading is called Deferred taxation.
- ▶ The wasting away of an asset as it is used up is called Depletion.
- ▶ A bank account for money to be kept in for a long time is called Deposit account.
- ▶ The part of the cost of a fixed asset consumed during its period of use by the firm is called Depreciation.
- ▶ Depreciation represents an estimate of how much of the overall economic usefulness of a fixed asset has been used up in each accounting period.
- ▶ Depreciation is charged as a debit to profit and loss and a credit against fixed asset accounts in the General Ledger
- ▶ Costs that can be traced to the item being manufactured is called Direct costs.
- ▶ A medium used to enable payments to be made automatically into a bank account for whatever amount the recipient requests is called Direct debit.
- ▶ Officials appointed by shareholders to manage the company for them is called Directors.
- ▶ A deduction from the amount due given to customers who pay their accounts within the time allowed is called Discounts allowed.
- ▶ A deduction from the amount due given to a business by a supplier when their account is paid before the time allowed has elapsed. It appears as income in the profit and loss part of the trading and profit and loss account is called Discounts received.
- ▶ A cheque which the writer's bank has refused to make payment upon is called Dishonoured cheque.
- ▶ When a partnership firm ceases operations and its assets are disposed of is called Dissolution.
- ▶ The amount given to shareholders as their share of the profits of the company is called Dividends.
- ▶ A system where each transaction is entered twice, once on the debit side and once on the credit side is called Double entry bookkeeping.
- ▶ The person making out a cheque and using it for payment is called Drawer.
- ▶ Funds or goods taken out of a business by the owners for their private use is called Drawings.
- ▶ The concept of dealing with both aspects of a transaction is called Dual aspect concept.
- ▶ A computer screen with keyboard (and, perhaps, a mouse) that has no processing power of its own but uses the processing power of a central computer to carry out tasks involving the data held on that central computer is called Dumb terminal.
- ▶ A mathematical method of calculating the amount of stock that should be ordered at a time and how frequently to order it, so that the overall total of the costs of holding the stock and the costs of ordering the stock can be minimized is called Economic order quantity (EO Q).
- ▶ The use of electronic telecommunication technology to conduct business transactions over the Internet is called Electronic commerce (e-commerce).
- ▶ A means by which someone may pass the right to collect money due on a cheque is called Endorsement.
- ▶ A suite of software modules, each of which relates to a function of the organization, such as order processing, production, creditor control, debtor control, payroll, marketing, and human resources is called Enterprise resource planning (ERP) system.

- ▶ Another name for the capital of the owner is called Equity.
- ▶ Where a correct amount is entered, but in the wrong person's account is called Error of commission.
- ▶ Where a transaction is completely omitted from the books is called Error of omission.
- ▶ Where an item is entered, but both the debit and credit entries are of the same incorrect amount is called Error of original entry.
- ▶ Where an item is entered in the wrong type of account, e.g. a fixed asset in an expense account is called Error of principle.
- ▶ The methods adopted in order to arrive at estimated monetary amounts for items that appear in the financial statements is called Estimation techniques.
- ▶ A process of issuing a warning message to decision-makers when something unexpected is happening: for example, when expenditure against a budget is higher than it should be is called Exception reporting.
- ▶ Businesses which do not have to add VAT to the price of goods and services supplied to them is called Exempted businesses.
- ▶ Exempted businesses cannot obtain a refund of VAT paid on goods and services purchased by them.
- ▶ The value of all the assets that have been used up to obtain revenues is called Expenses.
- ▶ Payments against appropriations that reduce the cash balance after legal requirements have been met is called Expenditures.
- ▶ A fiscal year's expenditures are payments actually made in that fiscal year, regardless of the state fiscal year in which the appropriations were reserved or encumbered for such payments.
- ▶ A network based on Internet technologies where data and information private to the business is made available to a specific group of outsiders, such as suppliers is called Extranet.
- ▶ Selling the rights to the amounts owing by debtors to a finance company for an agreed amount is called Factoring
- ▶ A difference arising that is apparently 'good' from the perspective of the organization is called Favourable variance.
- ▶ When the total actual labour cost is less than the total standard cost because fewer hours were worked than expected. Whether it is indeed 'good' will be revealed only when the cause of the variance is identified – it may be that fewer hours were worked because demand for the product fell unexpectedly.
- ▶ A method by which the first goods to be received are said to be the first to be sold is called FIFO.
- ▶ A term previously used to refer to statements produced at the end of accounting periods, such as the trading and profit and loss account and the balance sheet is called Final accounts (or 'the Accounts').
- ▶ This is an agreement whereby the lessee enjoys substantially all the risks and rewards associated with ownership of an asset other than legal title is called Finance lease.
- ▶ Manipulating accounting data to generate forecasts and perform sensitivity analysis is called Financial modelling.
- ▶ The more common term used to refer to statements produced at the end of accounting periods, such as the trading and profit and loss account and the balance sheet is called Financial statements.

- ▶ Any period at the end of which a governmental unit determines its financial position and the results of its operations is called Fiscal Period.
- ▶ A 12 month accounting period that may not coincide with the calendar year. The State of Vermont's fiscal year is from July 1st to June 30th is called Fiscal Year.
- ▶ Repetitive expenditures of which the amounts are more or less constant. These may repeat at various intervals, weekly, monthly, annually, etc. Examples are insurance premiums, contributions to pensions, and land and building rentals is called Fixed Charges.
- ▶ Assets which have a long life bought with the intention to use them in the business and not with the intention to simply resell them is called Fixed assets.
- ▶ Capital accounts which consist only of the amounts of capital actually paid into the firm is called Fixed capital accounts.
- ▶ Expenses which remain constant whether activity rises or falls, within a given range of activity is called Fixed costs.
- ▶ A budget which, by recognising the difference in behaviour between fixed and variable costs in relation to fluctuations in output, turnover or other factors, is designed to change appropriately with such fluctuations is called Flexible budget.
- ▶ The amount at which the petty cash starts each period is called Float.
- ▶ Capital accounts whose balances change from one period to the next is called Fluctuating capital accounts.
- ▶ Columns used for entering reference numbers is called Folio columns.
- ▶ Taking present data and expected future trends, such as growth of a market and anticipated changes in price levels and demand, in order to arrive at a view of what the likely economic position of a business will be at some future date is called Forecasting.
- ▶ In governmental accounting a fund may be described as representing a distinct phase of the activities of government and is controlled by a self-balancing group of accounts in which all of the financial transactions of the particular phase are recorded is called Fund.
- ▶ The unencumbered cash remaining in a fund at the end of a specified time period, usually the end of the fiscal year is called Fund Balance.
- ▶ If one partner is unable to make good a deficit on his capital account, the remaining partners will share the loss in proportion to their last agreed capitals, not in the profit/loss sharing ratio is called Garner v Murrar rule.
- ▶ The ratio of long-term loans and preference shares shown as a percentage of total shareholders' funds, long-term loans, and preference shares is called Gearing.
- ▶ In governmental terminology, a contribution to or from a unit of government for specific or general purposes is called Grant.
- ▶ By statute the State General Fund covers all State appropriation, expenditure and receipt transactions, except those for which special constitutional or statutory requirements demand separate fund accounting is called General Fund.
- ▶ Most of the traditional State services are included in the General Fund.
- ▶ A ledger for all accounts other than those for customers and suppliers is called General Ledger.
- ▶ The assumption that a business is to continue for the foreseeable future is called Going concern concept.

- ▶ An amount representing the added value to a business of such factors as customer loyalty, reputation, market penetration, and expertise is called Goodwill.
- ▶ Where the cost of goods sold exceeds the sales revenue is called Gross loss.
- ▶ Where the sales revenue exceeds the cost of goods sold is called Gross profit.
- ▶ A form of equity accounting applicable to joint ventures under which the investor's share of the aggregate gross assets and liabilities of the joint venture is shown on the face of the balance sheet and the investor's share of the joint venture's turnover is noted in the profit and loss account is called Gross equity accounting.
- ▶ Assets are normally shown at cost price is called Historical cost concept.
- ▶ These are legal agreements by which an organisation can obtain the use of an asset in exchange for payment by installment is called Hire purchase agreements.
- ▶ The outdated term for what is now known as 'parent undertaking' is called Holding company.
- ▶ A standard that is based upon the premise that everything operates at the maximum level of efficiency is called Ideal standard.
- ▶ Ideal standard takes no account of normal losses, or of normal levels of downtime and waste.
- ▶ All accounts other than debtors' and creditors' accounts is called Impersonal accounts.
- ▶ A system where a refund is made of the total paid out in a period in order to restore the float to its agreed level is called Imprest system.
- ▶ An account for a non-profit-oriented organisation to find the surplus or loss made during a period is called Income and expenditure account.
- ▶ Costs relating to manufacture that cannot be economically traced to the item being manufactured (also known as 'indirect costs' and, sometimes, as 'factory overhead expenses') is called Indirect manufacturing costs.
- ▶ VAT added to the net price of inputs (i.e. purchases) is called Input tax.
- ▶ Purchases of goods and services is called Inputs.
- ▶ An asset, such as goodwill, that has no physical existence is called Intangible asset.
- ▶ An amount at an agreed rate of interest which is credited to a partner based on the amount of capital contributed by him/her is called Interest on capital.
- ▶ An amount at an agreed rate of interest, based on the drawings taken out, which is debited to the partners is called Interest on drawings.
- ▶ A network based on Internet technologies where data and information private to the business is made available to employees of the business is called Intranet.
- ▶ Those costs of the future that will not be affected by a decision is called Irrelevant costs.
- ▶ A document submitted by a vendor, showing the character, quantity, price, terms, nature of delivery, and other particulars of goods delivered or of services rendered is called Invoice.
- ▶ A costing system that is applied when goods or services are produced in discrete jobs, either one item at a time, or in batches is called Job costing.
- ▶ Two or more products, each of which has significant sales value, created in the same production process is called Joint product.

- ▶ Business agreements under which two businesses join together for a set of activities and agree to share the profits is called Joint ventures.
- ▶ A book of original entry for all items not contained in the other books of original entry is called Journal.
- ▶ Refers to any line of an appropriations act which provides for expenditure authorization is called Line Item.
- ▶ Total of funds owed for assets supplied to a business or expenses incurred not yet paid is called Liabilities.
- ▶ Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned.
- ▶ The two classifications occurring most frequently are Current Liabilities and Long-term Liabilities.
- ▶ A method by which the goods sold are said to have come from the last lot of goods received is called LIFO.
- ▶ A form of organisation established under the Companies Acts as a separate legal entity, and required to comply with the provisions of the Acts is called Limited company.
- ▶ The members of the company, known as shareholders, are liable only to pay the full price of the shares, not for any further amount, i.e. their liability is limited.
- ▶ Anything that limits activity. Typically, this would be the shortage of supply of something required in production, for example, machine hours, labour hours, raw materials, etc is called Limiting factor.
- ▶ A partner whose liability is limited to the capital he or she has put into the firm is called Limited partner.
- ▶ Those ratios that relate to the cash position in an organisation and hence its ability to pay liabilities when due is called Liquidity ratios.
- ▶ A group of workstations linked together locally through wires is called Local area network (LAN).
- ▶ Liabilities that do not have to be paid within twelve months of the balance sheet date is called Long-term liabilities.
- ▶ The result of selling goods for less than they cost is called Loss.
- ▶ An account in which production cost is calculated is called Manufacturing account.
- ▶ Profit shown as a percentage or fraction of selling price is called Margin.
- ▶ The gap between the level of activity at the break-even point and the actual level of activity is called Margin of safety.
- ▶ An approach to costing that takes account of the variable cost of products rather than the full production cost. It is particularly useful when considering utilisation of spare capacity is called Marginal costing.
- ▶ The overall summary budget encompassing all the individual budgets is called Master budget.
- ▶ Profit shown as a percentage or fraction of cost price is called Mark-up.
- ▶ That something should only be included in the financial statements if it would be of interest to the stakeholders, i.e. to those people who make use of financial accounting statements is called Materiality.
- ▶ The monetary aspects of the items in the financial statements, such as the basis of the stock valuation, say FIFO or LIFO is called Measurement basis.

- ▶ The document that discloses the conditions governing a company's relationship with the outside world is called Memorandum of Association.
- ▶ A memorandum account outside the double entry system where the information contained in all the joint venture accounts held by the parties to the joint ventures are collated, the joint venture profit is calculated and the share of profit of each party is recorded in order to close off the account is called Memorandum joint venture account.
- ▶ Shareholders in subsidiary undertakings other than the holding undertaking who are not therefore part of the group is called Minority interests.
- ▶ The concept that accounting is concerned only with facts measurable in monetary terms, and for which purpose measurements can be used that obtain general agreement as to their suitability is called Money measurement concept.
- ▶ A description and explanation of the transaction recorded in the journal is called Narrative.
- ▶ The excess of direct costs allocated to a section of a business over the revenue from that section is called Negative contribution.
- ▶ The name given to the amount by which the total purchase price for a business a limited company has taken over is less than the valuation of the assets at that time is called Negative goodwill.
- ▶ The amount is entered at the top of the fixed assets in the balance sheet as a negative amount. (Sole traders and partnerships can use this approach instead of a capital reserve.)
- ▶ Current assets minus current liabilities are called Net current assets.
- ▶ The figure represents the amount of resources the business has in a form that is readily convertible into cash.
- ▶ Where the cost of goods sold plus expenses is greater than the revenue is called Net loss.
- ▶ Where sales revenue plus other income, such as rent received, exceeds the sum of cost of goods sold plus other expenses is called Net profit.
- ▶ The sum of the present values of a series of cash flows is called Net present value (NPV).
- ▶ The value of goods calculated as their selling price less expenses before sale is called Net realisable value.
- ▶ Accounts in which expenses, revenue and capital are recorded is called Nominal accounts.
- ▶ Another name for the General Ledger is called Nominal Ledger.
- ▶ Losses arising in the production process that could not be avoided is called Normal losses.
- ▶ Using a method that everyone can agree to based on some clear and indisputable fact is called Objectivity.
- ▶ Amounts that the State may be required legally to meet out of its resources at a particular date is called Obligations.
- ▶ Becoming out of date is called Obsolescence.
- ▶ An agreement whereby the lessor retains the risks and rewards associated with ownership and normally assumes responsibility for repairs, maintenance and insurance is called Operating lease.
- ▶ A budget that applies to all outlays other than capital outlays is called Operating Budget.

- ▶ All charges incurred during a fiscal period for supplies, materials, services, grants-in-aid, debt service, and capital outlay that will affect the fund surplus or deficit of that period is called Operating Expenditures.
- ▶ Operating Expenditures is immaterial whether payment has been made. The benefits of such expenditures may extend into subsequent periods.
- ▶ Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays is called Outlays.
- ▶ Shares entitled to dividends after the preference shareholders have been paid their dividends is called Ordinary shares.
- ▶ VAT added to the net price of outputs (i.e. sales) is called Output tax.
- ▶ Sales of goods and services is called Outputs.
- ▶ A facility granted by a bank that allows a customer holding a current account with the bank to spend more than the funds in the account. Interest is charged daily on the amount of the overdraft on that date and the overdraft is repayable at any time upon request from the bank is called Overdraft.
- ▶ Although FRS 2 should be studied for a full and proper definition, the one that will suffice for the time being is 'an undertaking which controls or has a dominating influence over the affairs of another undertaking' is called Parent undertaking.
- ▶ A firm in which two or more people are working together as owners with a view to making profits is called Partnership.
- ▶ Agreed amounts payable to partners in respect of duties undertaken by them is called Partnership salaries.
- ▶ The system whereby income tax is deducted from wages and salaries by employers and sent to the Inland Revenue is called PAYE (Pay As You Earn).
- ▶ The person to whom a cheque is paid is called Payee.
- ▶ A form used for paying money into a bank account with the same bank is called Pay-in slip.
- ▶ Accounts for creditors and debtors is called Personal accounts.
- ▶ Amounts each person may subtract from income in order to arrive at taxable income is called Personal allowances.
- ▶ The value of each allowance is set by Parliament following the Budget each year.
- ▶ A secret number issued by a bank to a customer so that the customer may use a debit card in an ATM is called Personal Identification Number or PIN.
- ▶ A Cash Book for small payments is called Petty Cash Book.
- ▶ The generic name for the range of payment-related cards is called Plastic card.
- ▶ The act of transferring information into ledger accounts from books of original entry is called Posting.
- ▶ Shares that are entitled to an agreed rate of dividend before the ordinary shareholders receive anything is called Preference shares.
- ▶ All the costs that are incurred when a company is formed is called Preliminary expenses.
- ▶ An expense which has been paid in advance, the benefits from which will be received in the next period is called Prepaid expense.
- ▶ Prepaid expense is included in the balance sheet under current assets as 'prepayments'.
- ▶ A profit or loss which arises immediately before a limited company is legally incorporated is called Pre-incorporation profit or loss.

- ▶ Any such profit will be treated as capital profit not for distribution while, for sake of prudence, any such loss will be set against post-incorporation profits.
- ▶ The amount that a future cash flow is worth in terms of today's money is called Present value.
- ▶ A costing system that is applied when goods or services are produced in a continuous flow is called Process costing.
- ▶ Direct materials plus direct labour plus direct expenses is called Prime cost.
- ▶ A limited company that must issue its shares privately is called Private company.
- ▶ A ledger for capital and drawings accounts is called Private Ledger.
- ▶ A costing system that is applied when goods or services are produced in a continuous flow is called Process costing.
- ▶ Prime cost plus indirect manufacturing costs is called Production cost.
- ▶ The result of selling goods or services for more than they cost is called Profit.
- ▶ An account in which net profit is calculated is called Profit and Loss Account.
- ▶ An amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or retained by way of providing for any known liability of which the amount cannot be determined with 'substantial accuracy' is called Provision.
- ▶ An account showing the expected amounts of debtors at the balance sheet date who will not be able to pay their accounts is called Provision for doubtful debts.
- ▶ Ensuring that profit is not shown as being too high, or that assets are shown at too high a value and that the financial statements are neutral; that is, that neither gains nor losses are understated or overstated is called Prudence.
- ▶ A company that can issue its shares publicly, and for which there is no maximum number of shareholders is called Public company.
- ▶ All organisations which are not privately owned or operated is called Public sector.
- ▶ The difference between the amount paid to acquire a part or the whole of a business as a going concern and the value of the net assets owned by the business is called Purchased goodwill
- ▶ Goods bought by the business for the prime purpose of selling them again is called Purchases.
- ▶ Book of original entry for credit purchases is called Purchases Day Book.
- ▶ Purchases Day Book is also called the Purchases Journal
- ▶ A document received by a purchaser showing details of goods bought and their prices is called Purchases invoice.
- ▶ A ledger for suppliers' personal accounts is called Purchases Ledger
- ▶ Accounts in which property of all kinds is recorded is called Real accounts.
- ▶ Only profits and gains realized at the balance sheet date should be included in the profit and loss account is called Realisation concept.
- ▶ For a gain to be realized, it must be possible to be reasonably certain that it exists and that it can be measured with sufficient reliability.

- ▶ A summary of the Cash Book of a non-profit-oriented organisation is called Receipts and payments account.
- ▶ A lower VAT rate applicable to certain goods and services is called Reduced rate.
- ▶ A method of calculating depreciation based on the principle that you calculate annual depreciation as a percentage of the net-of-depreciation-to-date balance brought forward at the start of the period on the fixed asset is called Reducing balance method.
- ▶ A business that has registered for VAT is called Registered business.
- ▶ Registered business must account for VAT and submit a VAT Return at the end of every VAT tax period.
- ▶ Those costs of the future that will be affected by a decision is called Relevant costs.
- ▶ An accounting system based on normal commercial practice, including accruals and movements in cash flows is called Resource accounting.
- ▶ The transfer of apportioned profits to accounts for use in future years is called Reserve accounts.
- ▶ The net amount receivable when a fixed asset is put out of use by the business is called Residual value.
- ▶ Net profit as a percentage of capital employed is called Return on capital employed, often abbreviated as ROCE.
- ▶ Net profit as a percentage of ordinary share capital plus all reserves is called Return on owners' equity, often abbreviated as ROOE.
- ▶ Net profit as a percentage of ordinary share capital plus all reserves, often abbreviated as ROSF and more commonly used than the alternative term, return on owners' equity is called Return on shareholders' funds.
- ▶ Goods returned by customers is called Returns inwards.
- ▶ Returns inwards is also known as sales returns
- ▶ Book of original entry for goods returned by customers is called Returns Inwards Day Book.
- ▶ Returns Inwards Day Book is also called the Returns Inwards Journal or the Sales Returns Book.
- ▶ Goods returned to suppliers is called Returns outwards.
- ▶ Returns outwards is also known as purchases returns
- ▶ Book of original entry for goods returned to suppliers is called Returns Outwards Day Book.
- ▶ Returns Outwards Day Book is also called the Returns Outwards Journal or the Purchases Returns Book.
- ▶ An account used to record gains and losses when assets are revalued is called Revaluation account.
- ▶ Expenses needed for the day-to-day running of the business is called Revenue expenditure.
- ▶ The financial value of goods and services sold to customers is called Revenues.
- ▶ A balance of profits retained available to pay cash dividends including an amount voluntarily transferred from the profit and loss appropriation account by debiting it, reducing the amount of profits left for cash dividend purposes, and crediting a named reserve account, such as a general reserve is called Revenue reserves.
- ▶ An Issue of shares to existing shareholders is called Rights Issue.
- ▶ Goods passed to a customer on the understanding that a sale will not occur until they are paid for is called Sale or return.

- ▶ Goods sold by the business in which it normally deals which were bought with the prime intention of resale is called Sales.
- ▶ Book of original entry for credit sales is called Sales Day Book.
- ▶ Sales Day Book is also called the Sales Journal.
- ▶ A document showing details of goods sold and the prices of those goods is called Sales invoice.
- ▶ A ledger for customers' personal accounts is called Sales Ledger.
- ▶ Altering volumes and amounts so as to see what would be likely to happen if they were changed is called Sensitivity analysis.
- ▶ Sensitivity analysis is also called 'what if' analysis.
- ▶ The amount of each asset or liability should be determined separately is called Separate determination concept.
- ▶ The division of the capital of a limited company into parts is called Shares.
- ▶ Where a share was issued at a price below its par, or nominal value, the shortfall was known as a discount is called Share discount.
- ▶ Where a share is issued at a price above its par, or nominal value, the excess is known as a premium is called Share premium.
- ▶ Shares which do not have a fixed par, or nominal value is called Shares at no par value.
- ▶ An external fund set up to meet some future liability such as the redemption of debentures. Cash is paid into the fund at regular intervals to accumulate with compound interest to the required future sum is called Sinking fund.
- ▶ A card that holds details on a computer chip instead of a traditional magnetic stripe is called Smart card.
- ▶ What you would expect something to cost is called Standard cost.
- ▶ A control technique that compares standard costs and standard revenues with actual costs and actual revenues in order to determine differences (variances) that may then be investigated is called Standard costing.
- ▶ The system of control over the information and/or item flows both within and outwith the organisation that comprise the supply chain is called Supply chain management.
- ▶ An account in which you can enter the amount equal to the difference in the trial balance while you try to find the cause of the error(s) that resulted in the failure of the trial balance to balance is called Suspense account.
- ▶ A system that allows a debit card to be used to pay for goods and services in the UK. In effect, it is the electronic version of paying by cheque is called Switch.
- ▶ The layout of accounts in the accounting books is called T-account.
- ▶ Tax credits include any special provision of law that results in a dollar-for-dollar reduction in tax liabilities that would otherwise be due is called Tax Credits.
- ▶ Tax credits may result in a reduction of tax collections or an increase in the value of tax refunds.
- ▶ Compulsory charges levied by the government for the purpose of financing services performed for the common benefit is called Taxes.
- ▶ The number found by adding up an individual's personal allowances which is used to calculate that individual's tax liability is called Tax code.
- ▶ Financial statements are prepared at regular intervals is called Time interval concept.

- ▶ Production cost plus administration, selling and distribution expenses and finance expenses is called Total cost.
- ▶ In claim letter the initial statement should contain? Good news
- ▶ Minutes, which tell more of the 'story of what happened and who said what at a meeting are? Narrative minutes
- ▶ Another name of a synopsis is Abstract
- ▶ Periodic Reports are routine reports prepared at regular time interval- daily, weekly, monthly quarterly or annually.
- ▶ Collection letter should be written with the assumption that most of the people will Pay
- ▶ There are Two kinds of Sales letters.
- ▶ Reports, which show "progress," accomplishments, or activities over time or at a given stage of a major assignment are known as Progress Reports
- ▶ The role of the Chairman as a Committee Member is? To coordinate the work of the committee. Leader, guide, umpire etc
- ▶ Letter reports are of Two types:
- ▶ The place where we go to buy or sell commodities is commonly known as Market
- ▶ Weekly Market Report gives the condition of the commodities for the past 6 days
- ▶ Collection letter should be? Persuasive
- ▶ Informal reports are usually short messages with natural, casual use of language
- ▶ Analytical Letter Reports include investigation of an issue or problem or Calculation of financial ratios of a company.
- ▶ Written summary of a meeting's business is called? Minutes
- ▶ Adjustment letter is the reply to complaint.
- ▶ Collection letter are usually written in? Series
- ▶ A Research Proposal is usually academic in nature.
- ▶ Memorandum is used to? Communicate to someone within your own company
- ▶ Another name of a synopsis is abstract
- ▶ Solicited Sales letters are written in response to an inquiry
- ▶ claim letter the initial statement should contain good news
- ▶ Organizations hiring hundreds of new employees every year must adopt a more systematic approach towards the recruiting process.
- ▶ Screening stage selection stage and final stage are the three stages of interview process.
- ▶ An effective oral presentation process follows 3 steps.
- ▶ Stress interviews help recruiters see how you handle yourself under pressure.
- ▶ Competition (in negotiation) often leads to one party gaining advantage over the other, if it can negotiate at the expense of the other's needs.
- ▶ While giving an interview, be realistic in your salary expectations.
- ▶ A process emphasizing management's responsibility to plan, budget, and evaluate is called Zero-Base Budgeting.
- ▶ Which famous management thinker was related with the development of "Theory X"? Douglas McGregor
- ▶ The team Management contract is sometimes applied to a situation where by firm in one country

- provides a team of expert managers to an enterprise in another country for a period under contract.
- ▶ Audit of banks is an example of Statutory audit, Balance sheet audit & Concurrent audit
  - ▶ In traditional goal setting, the goals are set at the top level of management and after that they are broken down into sub goals for each level of the organization
  - ▶ Which of the management tasks is the most important for a supervisory manager? Controlling
  - ▶ Which of the following is the final step in the decision-making process? Evaluating the decision's effectiveness
  - ▶ The behavioural dimension of leadership involving the concern that the leader has for the feelings, needs, personal interest, problems, and well being of followers is referred to as which of the following? Democratic
  - ▶ What type of an organization actively creates, acquires, and transfers knowledge within itself and is able to modify its behaviour to reflect new knowledge? Learning organization
  - ▶ A primary benefit of MBO is Improve employee motivation
  - ▶ Functional departmentalization groups jobs by which of the following? Tasks they perform
  - ▶ Henri Fayol, a French industrialist, first analyzed what managers do and divided that work into functions. The study of the management function that defines goals and establishes strategies to achieve them is called Planning
  - ▶ A deduction in price given to a trade customer when calculating the price to be charged to that customer for some goods, is called Trade discount.
  - ▶ Trade discount does not appear anywhere in the accounting books and so does not appear anywhere in the financial statements.
  - ▶ An account in which gross profit is calculated is called Trading account.
  - ▶ A financial statement in which both gross profit and net profit are calculated is called Trading and profit and loss account.
  - ▶ Where the characters within a number are entered in the wrong sequence is called Transposition error.
  - ▶ A list of account titles and their balances in the ledgers, on a specific date, shown in debit and credit columns is called Trial balance.
  - ▶ A business that ignores VAT and treats it as part of the cost of purchases is called Unregistered business.
  - ▶ Unregistered business does not charge VAT on its outputs. It does not need to maintain any record of VAT paid.
  - ▶ A tax charged on the supply of most goods and services is called Value Added Tax (VAT).
  - ▶ A plan developed to carry out a course of action that is not likely to be repeated in the future is called Specific plan
  - ▶ Concern for employee motivation is most closely associated with which of the following management approach? Organizational behaviour
  - ▶ Interest rates, inflation rates, and stock market indexes are all examples of which of the factor of an organization's general environment? Economic
  - ▶ Which factor has been the most rapidly changing component in an organization's general environment in the past quarter-century? Technological

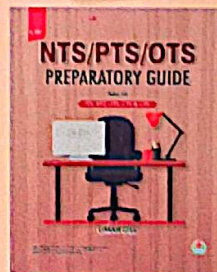
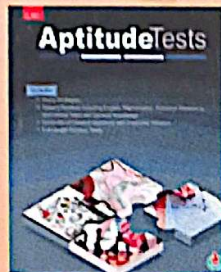
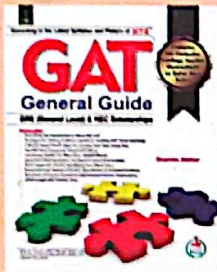
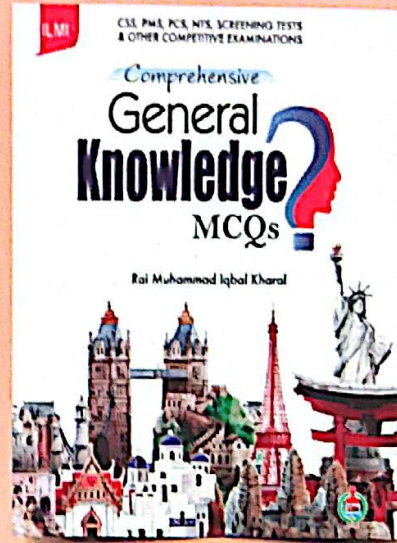
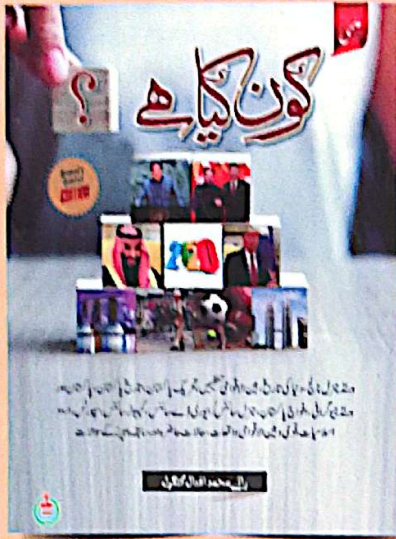
- ▶ The figure represents the amount of resources the business has in a form that is readily convertible into cash is called Working capital.
- ▶ A dumb terminal or a PC that is used to access data held in a database on a central computer is called Workstation.
- ▶ The value of work in progress on a contract as certified by, for example, an architect or an engineer is called Work certified.
- ▶ Lower the audit risk Higher the materiality and Lower the audit effort
- ▶ A tariff is a on either imports or exports
- ▶ Push factors refers to the compulsions of the domestic market such as saturation of the market, which prompt companies to internationalize
- ▶ Ethics is the philosophical study of moral values and rules.
- ▶ Idea of a precise quantitative method for decision making. is most fully realized in Bentham
- ▶ Shadow pricing is a technique which is used in? Accounting
- ▶ Equality of income and equality of opportunity is refers to? Economic equality
- ▶ Ethics is a code of conduct that an individual or a group has about right and wrong.
- ▶ The form of application for shares in or debentures of a company, unless the form is accompanied by prospectus? Not applicable
- ▶ An auditor obtains knowledge about a new client's business and its industry to understand the events and transactions that may have an effect on client's financial statements.
- ▶ Concurrent audit is a part of internal audit system
- ▶ The difference between budget and actual is called Variance.
- ▶ A cheque which has been given to a creditor but which has not yet been received and processed by the writer's bank is called unrepresented cheque

## جنرل نانج کیپسول اردو میں بھی دستیاب

- ▶ پاکستان کا گرم ترین علاقہ کون سا ہے؟ تربت
- ▶ پاکستان نے پہلی مرتبہ اولمپکس میں ہاکی میں بھارت کو ایک صفر سے ہرا کر گولڈ میڈل حاصل کیا۔ یہ ایک گول کس نے کیا؟ نصیر ہندانے
- ▶ آزادی کی شاہراہ پر (Long Walk to Freedom) نیلسن منڈیلا کی آپ بیتی کا نام ہے۔
- ▶ عبد الستار ایدھی نے آٹھ جولائی 2016 کو کراچی میں وفات پائی۔
- ▶ مشہور سوشل ورکر عبد الستار ایدھی کی آپ بیتی کا کیا نام ہے؟ "A Mirror to the Blind"
- ▶ پاکستان نے گوادار کا علاقہ اومان (مسقط) سے 1958 میں خریدا۔
- ▶ قوم یا جوج ماجوج کو کس پیغمبر نے دو پہاڑوں میں قید کیا تھا؟ حضرت ذوالقرنین علیہ السلام
- ▶ برصغیر کے کون سے بادشاہ پولو چوگان کھیلتے ہوئے مرے۔ قطب الدین ایبک
- ▶ دنیا کا سب سے مختصر ترین آئین کس ملک کا ہے؟ امریکا
- ▶ گاڑیوں کی ہیڈ لائٹ اور ٹارچ میں Concave Mirror استعمال ہوتے ہیں
- ▶ کس کھیل میں کھلاڑی کو 'میٹاڈور' (Matador) کہا جاتا ہے؟ بل فائٹنگ میں
- ▶ بل فائٹنگ کس کا قومی کھیل ہے؟ سپین
- ▶ کس ملک کا آئین غیر تحریری ہے؟ برطانیہ
- ▶ دنیا کا سب سے لمبا آئین کس ملک کا ہے؟ انڈیا
- ▶ انٹرنیشنل آٹومک انرجی ایجنسی کا ہیڈ کوارٹر Vienna میں ہے۔
- ▶ ایمنسٹی انٹرنیشنل کا قیام جولائی 1961 میں آیا تھا۔

- ◀ سپین میں مسلمانوں کی حکومت کب ختم ہوئی؟۔ 1492 میں
- ◀ ایلی محل فرانس کے صدر کی رہائش گاہ کا نام ہے۔
- ◀ پینٹاگون امریکہ کا ریفس آفس کا نام ہے۔
- ◀ ٹرانسپیرنسی انٹرنیشنل کا ہیڈ کوارٹر برلن میں ہے۔
- ◀ ٹرانسپیرنسی انٹرنیشنل کا قیام 1993 میں آیا تھا۔
- ◀ ایمسنٹی انٹرنیشنل کا ہیڈ کوارٹر کہاں ہے؟ لندن
- ◀ پاکستان کی سب سے بلند ترین عمارت بحریہ آئی کون ٹاور کراچی ہے جسکی بلندی 286 میٹر (938 فٹ) ہے

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